


Ceylinco Insurance PLC
Annual Report 2023

 Sri Lanka, We Always Believe



OPPORTUNITIES

LIMITLESS OPPORTUNITIES

As the country's economy continued to face a lagging recovery, the corporate landscape became conflicted with varying degrees of challenges. Nevertheless, we continued to withstand the economic impasses that persistently challenged our strategic decisions and operational environment. As a Company with diverse commercial interests, our resilience to the tough economic backdrop remained undeterred.

Across the fiscal year, we continued to grasp opportunities that emerged amidst the crises. With our presence in some of the country's most financially rewarding industries and with interests in Sri Lanka and overseas, we see limitless opportunities for growth and expansion. We will continue to bolster our networks of vast resources, whilst focusing on areas with considerable potential, new ventures and capital investments that will enhance our growing portfolio.

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DEPUTY CHAIRMAN'S MESSAGE



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DECODING COMPLEXITY THROUGH STRUCTURED CLARITY

About this Report

We welcome you to the Integrated Annual Report of Ceylinco Insurance PLC, which provides a structured and relevant demonstration of how the Group has created value and how such value has been shared with our stakeholders. The report narrates relevant information qualitatively and quantitatively and covers financial and non-financial information; the latter includes our strategies, information about our operating environment, the management of capital resources and value creation alongside risk management and corporate governance procedures.

REPORTING TIME FRAME AND BOUNDARY

The report discloses information from 1st January 2023 to 31st December 2023 pertaining to the Group and its four business sectors, including subsidiary companies.

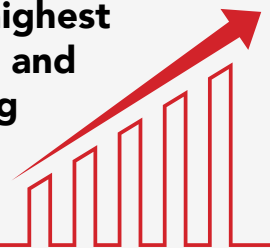
The report has been prepared in reference to the Integrated Reporting principles and demonstrates our approach to an increasing focus on integrated management of capital. The activities and performance outcomes of each subsidiary has been considered when preparing this consolidated report.

OUR VISION

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

OUR MISSION

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



REPORT PRINCIPLES

We have adopted the topics of the IIRC framework and its guiding principles of integrated reporting in striving to deliver a comprehensive yet well-structured and balanced integrated report with all relevant information for stakeholder awareness, especially to enable informed decisions for the benefit of our Stakeholders.

Assurance plays a critical role in ensuring the Report's integrity and transparency and comes as internal assurance and external assurance. Internally, the Report has been assessed and approved by the Board of Directors and information has been gathered from the executive leadership and corporate management. External assurance for the Report comes from our independent auditing firm, which ensures that our financial statements are in adherence with financial standards and other regulations. They have also ensured the accuracy and reliability of the audited financial statements and financial information presented in this Report.

DECODING COMPLEXITY THROUGH STRUCTURED CLARITY

Strategic focus and future orientation	Materiality	Stakeholder relationships	Consistency and comparability	Reliability and completeness	Connectivity of information	Conciseness
We have mentioned where applicable the strategic directions of the Group and subsidiaries in the narrative	Topics important to value creation have been disclosed from a consolidated perspective	The nature of our stakeholder relationships are provided from group perspective.	The report will enable readers to compare specific information with last year's report, which is crucial to our ability to create value	We have mentioned all positive outcomes and negative occurrences that are relevant	Where applicable, we have shown the interrelatedness between factors that affect value creation	We have strived to provide information concisely while maintaining completeness

REPORTING FRAMEWORKS

The Group and its subsidiary companies adhere to the following standards and principles.

Integrated Reporting

- ☑ International Framework of the IIRC

Operations, Governance and Risk Management

- ☑ Companies Act No.7 of 2007
- ☑ Continuing Listing Requirements of the Colombo Stock Exchange
- ☑ Code of Best Practice on Corporate Governance jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka (Voluntary)

Financial Reporting

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



Sustainability Reporting

- ☑ Contributions to United Nations Sustainable Development Goals (UN SDGs)

ACCESSIBILITY

The report is made available to our Shareholders as a printed copy upon request, and QR code which has been distributed via the circular issued to shareholders. Moreover, the Report has been made accessible through the CIPLC website and the Colombo Stock Exchange site.

FORWARD-LOOKING STATEMENT DISCLAIMER

Certain information presented in this report contains forward-looking information and future-oriented information as well as outlooks, which are referred to as forward-looking statements. Such statements are based on forecasts, estimations and present expectations about the Company, industry, stakeholders and the macroeconomic environment. Such statements reflect the beliefs and assumptions of the Company, displayed through the use of expressions, which indicates that they contain forward-looking statements but are not the only means of identifying such statements. Although such statements reflect our expectations when compiling this report, actual results may differ from what is stated in such statements. Hence, we are not obligated to modify or review any forward-looking statements, irrespective of new information or future events and developments.

STAKEHOLDER FEEDBACK

We look forward to developing our subsequent report with the feedback of our stakeholders and well-wishers; therefore, we invite your recommendations and thoughts to be sent to:

ciccosec@ceylins.lk

or

The Company Secretary
Ceylinco Insurance PLC
5th Floor, Ceylinco House,
69, Janadhipathi Mawatha,
Colombo 1.

ABOUT THE CONGLOMERATE

GROUP DESCRIPTION

Ceylinco Insurance PLC is a diversified conglomerate with a history that dates back to 1939, when 'The Ceylon Insurance Company' was established as the first registered Ceylonese Company. With decades of successful ventures in its portfolio, Ceylinco Insurance evolved and diversified into four sectors, with a predominant presence in the non-life and life insurance sectors. Further, the Company also engages in the education, power and energy sectors of the country. All our subsidiaries have made vital economic and social contributions to the nation and have helped transform their respective industries. Moreover, the recognition we receive from each industry and the public demonstrates the impact we have made on our stakeholders, year after year.

OUR BUSINESS SECTORS

Ceylinco Insurance PLC is one of Sri Lanka's most-recognised conglomerates, with businesses in four key distinctive industry sectors. We have carved leadership positions in our insurance industry sectors and have enjoyed widespread recognition in our educational institutions. In addition, our energy and power sector continues to add to its portfolio of power generation sources.



Ceylinco General Insurance

The general insurance sector is represented by the market leader in general insurance, Ceylinco General Insurance. The company operates 20.8% of the local general insurance market (2023) and provides motor and non-motor (non-life) insurance solutions to individuals, families, businesses and organisations.



Ceylinco Life Insurance

Ceylinco Life Insurance Limited is the leader in life insurance, with commendable brand recognition. Ceylinco Life operates 21.9% of the market share in life insurance and has made exceptional strides in providing reliable and comprehensive life insurance solutions.



Education

Represented by CEG Education Holdings (Pvt) Ltd., the company is a subsidiary of Ceylinco Insurance PLC and offers a wide range of structured and formal educational services to the country's young generations. The sector comprises primary, secondary and higher education institutions and equips students with internationally recognised learning.



Power and Energy

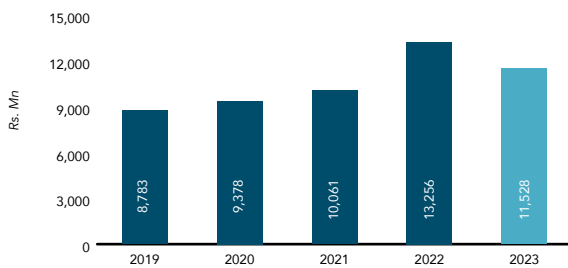
The energy sector of the Group comprises several hydropower plants and solar power projects, providing clean energy to the nation. At present, the Group Companies generates 18 MW of power for the nation.

FINANCIAL HIGHLIGHTS

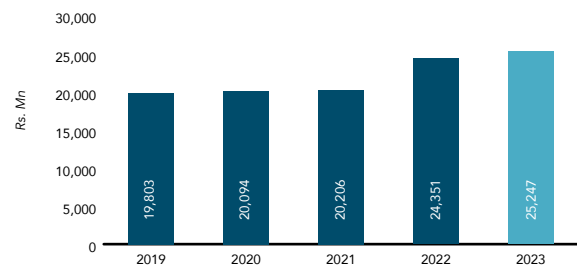
Results for the Year	Group		
	2023 Rs.'000	2022 Rs.'000	Change %
Gross Written Premium	64,303,371	58,239,661	10
Net Earned Premium	47,380,328	43,474,912	9
Investments and Other Income	33,351,328	27,586,625	21
Revenue From Subsidiaries	5,624,904	4,344,305	29
Net Income	88,113,694	77,020,273	14
Benefits /claims operation admin & other expenses	(73,720,009)	(61,682,273)	20
Profit Before Share of Associates	14,393,685	15,338,000	(6)
Share of Profit of Associates	568,551	943,006	(40)
Profit Before Taxation	14,962,236	16,281,006	(8)
Profit After Taxation	11,528,015	13,255,891	(13)
Position at the Year End			
Shareholders' Funds	88,077,662	78,620,401	12
Life Insurance Funds	156,683,565	134,031,487	17
Non - Life Insurance Contract Liabilities	16,713,157	15,573,919	7
Investments	229,254,611	194,464,820	18
Total Assets	299,724,695	261,747,188	15
Market Capitalisation (Rs. Mn)	54,259	51,476	5
Per Ordinary Share			
Earnings (Basic)	408	479	
Dividends - Proposed	48	45	
Net Assets (Shareholders' Equity)	3,334	2,976	
Market Value at the Year End - Voting	2,450	2,250	
Market Value at the Year End - Non-Voting	820	1,027	
Ratios			
Return on Equity %	13.6	16.2	
Dividend Cover (Times)	9	11	
Price Earning (Times) - Voting	6.0	4.7	
Price Earning (Times) -Non Voting	2.0	2.1	

Results for the Year	Non - Life Insurance			Life Insurance		
	2023	2022	Change	2023	2022	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Gross Written Premium	25,246,863	24,351,536	4	33,411,394	29,160,164	15
Net Claims/Net Benefits	(8,239,975)	(7,830,283)	5	(23,135,049)	(18,969,267)	22
Increase in Long Term Insurance Funds				(23,015,741)	(13,375,957)	72
Investments and Other Income (including reinsurance commission)	5,253,054	7,515,387	(30)	27,991,108	20,071,238	39
Profit Before Taxation	4,078,257	3,913,420	4	8,439,753	9,911,578	(15)
Profit After Taxation	3,723,006	3,769,319	(1)	5,801,833	7,631,775	(24)

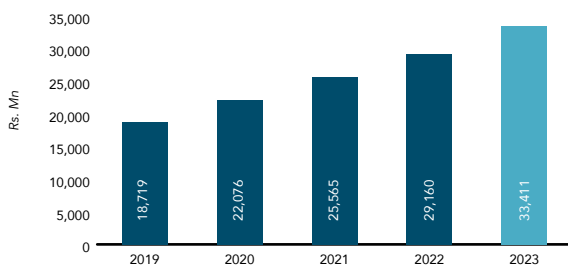
Profit After Taxation



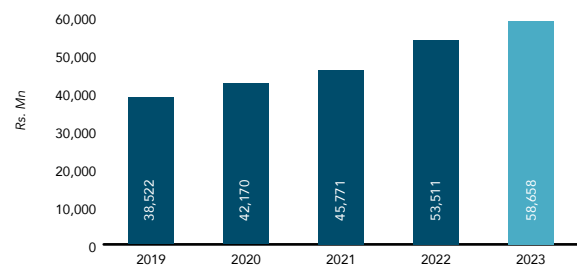
Premium Income - Non Life



Premium Income - Life



Premium Income- Life & Non Life





**EXECUTIVE
CHAIRMAN/
CHIEF
EXECUTIVE
OFFICER'S
REVIEW**

Rs.14.9Bn
Profit Before Tax

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

“Having withstood the extremities, we secured commendable results by the end of the financial year. Ceylinco Insurance PLC achieved a consolidated turnover of Rs. 88.1 Bn and marked a 14% growth in revenue.”

Dear Stakeholders,

It's a pleasure to share with you the Annual Report and Audited Financial Statements of Ceylinco Insurance PLC (CIPLC) for the fiscal year that concluded on 31st December 2023. As the Executive Chairman/CEO of Ceylinco Insurance PLC, I extend a warm welcome to the 37th Annual General Meeting of the company.

The year was a profusion of reforms and macroeconomic changes that compelled the country's citizens and businesses to adopt a stance of immense patience and extremely pragmatic thinking. Although we are now seeing the pandemic's health implications fading out of view, its economic implications will resonate for some years to come. 2023 became the year where solutions were sought, both temporary and permanent strategies to block the bleeding within the country's gross reserves and revenue inflow.

In the last few months, we have begun to witness more stability but with significant concerns for economic and social sustainability. The GDP marked a turnaround in the third quarter of 2023, but witnessed a contracted performance by the end of the year, with a GDP decline of 2.3 %. In the meantime, uncontrollable inflation reached single-digit levels, while considerable improvements were seen in foreign remittances, export revenue, exchange rate stability and easing of import restrictions. During 2023, we witnessed high interest rates being brought down as there were signs of economic stability. However, the effects of hyperinflation, which we witnessed in 2022, continue to be cumbersome, as prices of goods and services remain exorbitant.

I am proud to state that despite the negative circumstances, our business sectors have fared commendably. The sheer willpower of our teams has overshadowed the resilience we saw during the pandemic during the last 18 months, as they overcame the unprecedented economic fallout the country experienced.

FINANCIAL PERFORMANCE OF THE HOLDING COMPANY

Having withstood the extremities, we secured commendable results by the end of the financial year. Ceylinco Insurance PLC achieved a consolidated turnover of Rs. 88.1 Bn and marked a 14% growth in revenue. This tremendous achievement is the outcome of several contributing factors, of which I attribute our success mainly to the individual efforts of our subsidiaries. The financial backdrop also made it possible to secure this revenue growth. Despite subdued consumer buying power and high operational expenditures, all sectors experienced business growth, especially in our insurance and education sectors. Moreover, before the reduction of interest rates, investment income increased to a commendable level, elevating the returns from our financial assets.

For the fiscal year 2023, profit before tax was registered as Rs. 14.9 Bn while profit after tax amounted to Rs. 11.5 Bn. Total assets of the Group rested at Rs. 299.7 Bn by the end of the fiscal period, while liabilities amounted to Rs. 207.8 Bn. We attribute the activation of several critical strategies, which led to the profitability; aggressive customer retention strategies,

stringent cost management, prudent investments, product innovations and market expansions proved to be immensely beneficial in to achieve the aforementioned outcomes.

SECTOR REVIEW

Insurance

The performance of CIPLC's insurance sector is tied to the achievements of our largest subsidiaries –Ceylinco Life Insurance and Ceylinco General Insurance. The two companies enjoy market leadership in their respective sub-sectors and continue to be the highest-grossing insurance firms in the nation. They have successfully navigated through industry price wars and have earned market recognition for their exceptional service, customer-focused solutions, and innovative approaches.

The sector weathered the economic crisis through strategic and timely measures with both companies choosing to see the opportunities beyond the chaos. Since 2020, the general insurance industry grappled with the ban on vehicle imports; this caused a substantial strain on business growth in motor insurance, which accounts for nearly 54 % of business in the non-life insurance industry. Furthermore, both subsidiaries made prudent pricing and product strategies to provide accessible and affordable solutions despite the limited purchasing power of consumers due to inflation.

In line with this strategy, Ceylinco General Insurance has consistently developed products that align with the requirements of the broader population, while also placing equal emphasis on crafting policies for specific segments. Staying ahead of industry innovations and market gap fulfilment, six new products were introduced during the review period. Four of these products were for different segments within the flagship brand Ceylinco VIP offering unique benefits targeting Buddy lorries, Vans, Double cabs and Maruti vehicle users. The other two are medical insurance products offering niche solutions to match their needs and financial capacities.

Ceylinco General pioneered another groundbreaking innovation by offering Motor Insurance policy delivery to customers in 24 hours. The novel solution is provided for its extensive base of Ceylinco VIP on the Spot policyholders

EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER'S REVIEW

and will benefit new and existing clientele, at no extra charge. In addition to this, the key benefit is that all Ceylinco VIP On The Spot vehicle insurance policies come with a guarantee for a host of unique benefits offered only by Ceylinco VIP.

Furthermore, the Company forayed into digital insurance cards - a commendable step towards responsible production and consumption. In recent years, both companies have embraced digital insurance services, and have spearheaded a significant transformation in how they operate within the industry. Their prime objective is to adopt the right practices to reduce the impact on the environment and to help sustain the environment while focusing on business sustainability.

Speaking more on the industry, the Sri Lankan insurance sector (life and non-life) achieved a GWP of Rs. 274.4 Bn for the year 2023, which surpassed Rs. 257 Bn from the previous fiscal year. This was a 6.8% increase showing remarkable resilience from across the industry. The Life Insurance sector recorded a GWP of Rs. 153 Bn while the General Insurance sector recorded Rs. 121.8 Bn as Gross Written Premium. Motor insurance maintained its leading position with the highest Gross Written Premium (GWP) among all insurance categories, amounting to Rs. 66 Bn. Both sectors maintained adequate capital levels, well above the statutory minimum, while maintaining higher ratios compared to 2022.

Ceylinco General Insurance and Ceylinco Life Insurance achieved leading market positions, with 20.8 % and 21.9 %, market shares, respectively. Enjoying this success, the two companies secured revenue of Rs. 25.2 Bn and Rs. 33.4 Bn, respectively while contributing to overall Group profitability with an after-tax profit of Rs. 3.7 Bn and Rs. 5.8 Bn, respectively.

Education Sector

In recent years, the education arm of Ceylinco Insurance PLC, Ceylinco Education Group (CEG) has grown with new acquisitions and location expansions that have bolstered its presence within the local education sector. CEG has positioned itself in both the primary education system and the higher education service sector in Sri Lanka; this has become possible through the vast network and resources of its subsidiary companies, ICBT and ANC. ICBT is a degree-awarding higher

education institution that provides highly demand postgraduate programs under UGC approval.

CEG also owns and manages several internationally recognised pre-schools and primary and secondary education schools, including three branches of the Wycherley International School, in addition to Alethea School. Wycherley International School is the country's first and only comprehensive centre for Cambridge education from Year 1 to 13 and delivers exceptional education services on par with international standards. Despite the escalating expenses associated with construction, the School has initiated the first phase of constructing a six-story building in Colombo 5. This endeavour aims to maintain the current structure and is projected to be operational by the first quarter of 2024.

CEG's other subsidiaries also include Net Assist International, which provides IT consulting and training services, and CEC Events, which arranges large-scale events in Colombo and its suburbs.

In the year under review, the education sector worked strategically to navigate payment challenges faced by students amid the country's foreign exchange crisis. Through discussions and prudent actions, our higher education institutions, ICBT and ANC continued to resolve challenges on behalf of the students. Our subsidiaries discussed in favour of tolerable fee structures with partner universities and requested scholarships to unburden students, financially.

For the year under review, the Group achieved a total of Rs.4.6 Bn in revenue. Group-wide revenue increased by 24%, reflecting the success of strategies deployed by the sector's subsidiaries towards business growth. Collectively, the Group earned a profit after tax of Rs. 1.4 Bn, which is a 23% increase over the previous fiscal year. For the first time, ICBT crossed the Rs. 1 Bn mark in pre-tax profitability as a result of higher revenue, showing the tremendous success and popularity our institutions and schools have earned in recent years.

The sector has commenced discussions with companies and potential partner universities to introduce new degree programs. The sector also ensures continued staff training, especially in enhancing their online and digital literacy to deliver programs virtually.

“Digital transformations will be embraced by all sectors, as we focus on enhancing our digital and online management strategies to increase business growth and expand market presence.”

Power and Energy Sector

The overall performance during the year under review was satisfactory for the hydro and solar fleets of the power sector. The Power and Energy Sector of the group consists of four small hydropower plants with a combined capacity of 14 MW and four ground-mounted solar power projects with a combined capacity of 4 MW.

The four hydropower plants exceeded expected performance, while the solar power projects logged 90% of the target capacity. The primary reason for the deviation was the rainy weather and cloud cover experienced after August 2023.

Despite the satisfactory performance of the plants, there was a significant delay in payments by CEB for delivered energy, which stood at more than 13 months as of January 2023. The consumer electricity tariff hike of approximately 400% from August 2022 to February 2023 led to CEB achieving a positive cash flow from May 2023 onward. Consequently, the delay in payments was reduced to just 3 months by December 2023. This development brought significant relief to renewable energy companies, which had been on the brink of bankruptcy earlier in the year.

As a result of this positive development, we saw a rise in consolidated earnings, which rose by a highly commendable 79% to Rs. 939 Mn. The Group achieved an after-tax profit of Rs. 193 Mn in the year under review.

As a signatory to the Paris Agreement, Sri Lanka is committed to achieving 70% of its electricity generation from renewable energy sources by 2030. However, as of 2023, Sri Lanka has reached only 40% of this target, due to various reasons. Achieving the target is dependent on the State's commitment to integrating an additional 3,000MW of new renewable sources to produce electricity in the next five years.

Since February 2023, domestic, industrial, and commercial clients in Sri Lanka have been grappling with the constant escalation of electricity costs, posing a new challenge. While we recognise the necessity of a 400% tariff hike to rescue CEB from bankruptcy, the Government of Sri Lanka (GOSL) must address the profound impact on hundreds of thousands of families, SMEs, and businesses. We firmly advocate for the development of low-cost renewable energy sources as the sole long-term solution to lower electricity consumer tariffs.

ACCOUNTABLE LEADERSHIP

In the year under review, Mr. Kapila Ariyaratne was appointed to the Board of Directors of Ceylinco Insurance PLC as a Non-Executive/ Independent Director in December and I take this opportunity to warmly welcome him on behalf of the Group and stakeholders. Several changes were made to the composition of board sub-committees, including the appointment of Mr. Vasantha Kumar, an Independent/Non-Executive Director to the audit committee, remuneration committee, related party transaction committee and the nomination and governance committee. Furthermore, Dr. Jagath Alwis has been appointed to the Remuneration Committee since December 2023.

Furthermore, I am deeply saddened by the demise of Mr. Kolitha Dharmawardena, who served as an Independent, Non-Executive Director. On behalf of the Board and the entire Group, we would like to express our deepest condolences to his loved ones.

WEALTH CREATION

While prioritising the financial growth of its stakeholders, the Group continues to concentrate on enhancing shareholder value. It brings me great pleasure to suggest a final dividend of Rs. 48 per

share, an unprecedented amount offered by Ceylinco Insurance PLC. The proposal of such a significant dividend despite the tough economic climate, is a testament to our appreciation for our shareholders' investment in us. Furthermore, the Group made a tax contribution of Rs. 3.7 Bn to the State and became an active stakeholder in revitalising the country's revenue mobilisation efforts.

FUTURE STRATEGIES

Looking ahead, Ceylinco Insurance PLC will remain committed to innovation and growth. Plans for product and market diversification will continue with the same intensity, offering the widest range of solutions and services in insurance tailored to the needs of the country's demographics. The power and energy sector will continue to sustain its operational capacities while making prudent investments to expand beyond the current production capabilities. The further exploration of the renewable energy sector holds tremendous promise, as we look into expanding our solar power projects in the next few years; cross-border ventures will be pursued to establish our presence overseas, in countries and regions with growing demand for affordable and renewable power. Ultimately, efficiency, cost reductions and pragmatic strategic investments will be evaluated at every step of the way.

The Ceylinco Education Group plans to broaden its educational offerings through new academic programs that align with the changing demands of job markets and student aspirations. The Group aims to leverage digital tools and online learning to offer an interactive and accessible learning experience while improving and increasing physical facilities available through its schools and higher education institutions.

Digital transformations will be embraced by all sectors, as we focus on enhancing our digital and online management strategies to increase business growth and expand market presence. Across the Group, we intend to strengthen our commitment to governance and risk management to ensure financial stability and safeguard the interest of all stakeholders. Our ultimate objective is to be exceptional service providers to our customers, shareholders and the community.

COMMENDATIONS

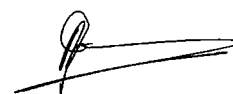
First and foremost, I convey my appreciation to the executive leader of the country, His Excellency, President, Ranil Wickremesinghe for laying the foundation for sustainable economic recovery and making necessary structural reforms that were previously eluded.

I am also thankful to the Chairman, the Director General and officials of the Insurance Regulatory Commission of Sri Lanka for being the voice of reason and skillfully laying the ground rules with which the industry continues to thrive with integrity and transparency.

I place a special note of appreciation to the respective Sector heads, Mr. R. Renganathan, Executive Chairman of Ceylinco Life, Dr. Jagath Alwis, Executive Chairman of Ceylinco General and the Education group, Mr. Upali Witharana, Executive Director of the Power and Energy Sector for their transformational leadership. Their exceptional service has guided the Company to attain remarkable success, which I know will persist in the ensuing financial year.

I express my gratitude to our esteemed reinsurers, reinsurance brokers, actuaries, partner universities, and local authorities for their immense cooperation and understanding of our operational limitations. The faith shown by our shareholders in our capability to navigate through the storm has profoundly moved me. Moreover, our customers are the focal point of our efforts, and we consistently adapt our offerings to enrich their experiences. Their loyalty is something I deeply value and commend as it helped us to secure yet another year of market leadership in insurance.

Lastly, I commend each and every employee in the Ceylinco Family for their unwavering commitment and diligence throughout the year.



Mr. A.R. Gunawardena

Executive Chairman / Chief Executive Officer

21st March 2024
Colombo

DEPUTY CHAIRMAN'S MESSAGE



Rs.33.4Bn
Gross Written Premium

Mr. R. Renganathan
Deputy Chairman

“Ceylinco Life’s performance is distinct for its dynamism and the far-reaching impressions it creates on a wider ecosystem comprising multiple stakeholders. Defying the converging challenges, during 2023 we continued to strike a graceful equilibrium in our performance, ensuring that all our stakeholder interests are well looked after.”

Dear Stakeholders

It gives me great pleasure to pen this message, as Ceylinco Life Insurance completes a significant milestone of thirty-five years. Our journey has been marked by many challenges, but we have been successful in creating an indelible impact by transforming and derisking the lives of over one million lives.

We remained well cognizant of the evolving challenges in the external environment and their potential impact on the performance of the Company. We continued to be guided by our five-pronged strategy comprising Profitability, Customer-centricity, IT roadmap, Employees and Planet & community, which where necessary, was refined and recalibrated to ensure the best course of action at all times. Emphasis was placed on gross written premium (GWP), capital adequacy and profitability throughout the year, which constitute the key attributes that ensure the Company’s agility, stability and resilience, and also our undisputed market leadership status.

DELIVERING A RESILIENT PERFORMANCE

Firm sight set on our targets for the year enabled us to achieve them despite the turbulence in the external environment. Gross written premium for the year (GWP) recorded an impressive year-on-year (YoY) growth of 14.6% to Rs.33.4 Bn, affirming the trust and preference the policyholders associate with Ceylinco Life. This compared with the life insurance sector GWP YoY growth of 13% is commendable. Risk based capital adequacy ratio – an objective indicative of Ceylinco Life’s outstanding strength and corporate stamina improved to 344%, well above the regulator stipulated minimum ratio of 120%. Pre-tax profitability for the year was Rs. 8.4 Bn, although this reflected a decline of 14.8% compared to 2022. Our revenue optimization, cost rationalization and judicious investment strategies enabled us to generate sound returns to our stakeholders.

OUR ESG FOCUS

Ceylinco Life’s performance is distinct for its dynamism and the far-reaching impressions it creates on a wider ecosystem comprising multiple

stakeholders. Defying the converging challenges, during 2023 we continued to strike a graceful equilibrium in our performance, ensuring that all our stakeholder interests are well looked after. On the employee front, we did feel some pressure stemming from the mass migration of labour from the country, particularly in our agents cadre. This was managed through re-purposing their job roles more efficiently and the deployment of various automation for greater productivity. We placed at our core, all-round well-being of our employees across, financial, physical and psychological aspects and attuned employee related initiatives to ensure the same.

Our customers continued to be rewarded through Ceylinco Life Family Savari, the largest consumer promotion and loyalty programme in the life insurance sector benefiting over 265 customers together with their families, for the 17th consecutive year. Furthering Ceylinco Life’s spirit in creating a lasting impact in the community, we continued the Ceylinco Life Pranam scholarship programme, bringing the total number of beneficiaries to 3186 and the cumulative disbursement to over Rs. 200 Mn since its inception in 2001. Our actions in combatting climate change took an elevated step during the year, as we partnered with the Department of Forest Conservation towards a reforestation project of 10,000 trees spanning 10 acres in Rajawaka, Balangoda of Ratnapura District.

Our governance structure perfected over the years with the regulatory compliance and voluntary adoption of best practices proved as an effective conduit through which our policies, procedures, and processes were actioned at the highest level of compliance.

AWARDS AND ACCOLADES

The numerous awards we won during the year stand as strong external testimony to the excellence of our existence, and we draw deep inspiration from them to better ourselves. We are proud to have been chosen as one of the Most Admired Corporates in Sri Lanka as adjudged by the International Chamber of Commerce and CIMA Sri Lanka for the fourth consecutive year. Ceylinco Life was also chosen as the Brand of the Year 2023 by the Sri Lanka Institute of Marketing (SLIM) awards.

DEPUTY CHAIRMAN'S MESSAGE

“The trust that we have earned from our valued customers and stakeholders over the last thirty-five years energizes us to reinvent ourselves with relevance in providing them the protection and confidence to achieve more.”

WAY FORWARD

Based on our assessment, the road ahead for the country and the people is all but rosy. Whilst it is indeed gratifying to note the positive movements within the economy, regaining pre-crisis normalcy remains a distant goal, given the magnitude and breadth of the economic crisis that the country suffered. The authorities face some challenging milestones to be achieved as a part of ongoing reforms in areas such as debt sustainability and fiscal revenue. It is imperative that such targets are pursued whilst ensuring the well-being of the more vulnerable, with adequate investments in social safety nets. With elections just ahead of us which will decide the leadership of the country for the ensuing years, we firmly hope that whichever leadership comes to power will remain committed to the necessary policy reforms and uphold good governance in steering the country towards much yearned prosperity.


In such context, we at Ceylinco Life are bracing for more daunting times in 2024. The trust that we have earned from our valued customers and stakeholders over the last thirty-five years energizes

us to reinvent ourselves with relevance in providing them the protection and confidence to achieve more. With that prime purpose at the core of all that we do, we will remain agile to evolving challenges in the near term, whilst calibrating our strategies and tactics in ensuring our long-term growth.

APPRECIATION

As we complete a significant milestone in our corporate journey, I wish to extend my heartfelt appreciation to the Chairman and Board of Directors of our parent company Ceylinco Insurance PLC for their wise counsel and guidance. I wish to recognise the Insurance Regulatory Commission of Sri Lanka, our re-insurer partners and all other stakeholders for the respective value they bring to Ceylinco Life's illustrious journey.

With our sights set on a year of further resilience and recovery, together with the Board of Directors, I take this opportunity to extend my appreciation to the persevering commitment of the MD/CEO of Ceylinco Life Insurance Limited, Mr. Thushara Ranasinghe and the corporate management team for guiding the Company through the many hardships. All our employees spread across the country also deserve much appreciation for taking the message of life insurance and the promise and power of Ceylinco Life to the citizenry. Our esteemed policyholders are also remembered with equal gratitude, for providing us with the inspiration for 35 years and beyond.



Mr. R. Renganathan
Deputy Chairman

21st March 2024
Colombo

BOARD OF DIRECTORS



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

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

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

He was appointed Director in charge of the General Division of Ceylinco Insurance in 1987. He introduced the visionary concept of a direct sales force for the insurance industry in Sri Lanka. His was the idea that transformed the sphere of insurance forever more – On The Spot Claim Settlement! This unprecedented idea, which amounted to a global first,

has been embraced and adopted by many other insurers the world over. In fact, this very concept won the coveted Innovation of the Year Award at the Asian Insurance Industry Awards in 2003. Under his able leadership, Ceylinco Insurance received the rare accolade of being among the top four General Insurance Companies in Asia, in 2000 and once again clinched the Innovation of the Year Award at the Asia Insurance Industry Awards in 2006. Under his guidance Ceylinco Insurance has held the position of market leader in Sri Lanka, continuously since 2004. Mr. Ajith Gunawardena was also behind the first ever overseas joint venture for Ceylinco Insurance – Sagarmatha Insurance of Nepal, the concept of which, later on, extended to the Maldives. Several strategic alliances were also formed under his leadership with insurance companies in the Middle East, in countries such as the United Arab Emirates, Bahrain, Kuwait, Oman and Qatar.

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

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

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



Mr. R. Renganathan
Non-Executive Deputy Chairman

Mr. Renganathan joined the Ceylinco Group in 1983. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Institute of Certified Management Accountants of Sri Lanka.

Mr. Renganathan is the Executive Chairman of Ceylinco Life Insurance Limited, which has been the market leader in the life Insurance Industry for the past 20 years.

He facilitated the establishment of Ceylinco Healthcare Services Ltd., which was the first private sector cancer treatment centre that provides Radiotherapy, Chemotherapy and Hormone-therapy.

The centre has treated more than 15,000 patients thereby earning and saving much foreign exchange for the country. It was the first to introduce the linear accelerator to Sri Lanka.

Mr. Renganathan is also a Director of Kings Hospital Colombo (Pvt) Ltd.

He facilitated the setting up of Serene Resorts, the first Retirement Resort in the country.

BOARD OF DIRECTORS

**Mr. H.D.K.P. Alwis**

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

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

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

Also, he is credited with setting up the branch network for Ceylinco General

Insurance in Sri Lanka, which has become one of the key factors in the Company's exponential growth in a fast-paced economy. Today, Ceylinco General Insurance can claim the largest branch network in the industry.

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

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

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

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

**Mr. E.T.L. Ranasinghe**

*Director / Chief Operating Officer-Life &
Subsidiaries*

Mr. Ranasinghe has over 44 years of experience in the mercantile sector in sales, marketing and strategic planning. He holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayawardenepura. He joined Ceylinco Limited as a Product Manager in September, 1986 and was one of the pioneer members of the team to set up Ceylinco Insurance PLC, when the Company commenced operations in 1988.

He is a Founder Member of the Chartered Institute of Marketing, Sri Lanka Region and has held several positions in the Executive Committee, including that of the Senior Vice Chairman.

He currently serves as Managing Director/ Chief Executive Officer of Ceylinco Life Insurance Limited, Director of Ceylinco

Healthcare Services Limited and Serene Resorts Limited and Non Executive Director of Kings Hospital Colombo (Pvt) Ltd.



Mr. T.N.M. Peiris

Director (Finance) / Head of Finance

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

He started his career at M/s Associated Motorways PLC as an Accountant and left the Organization after 1 year to join The Finance Company PLC. He started as a Chief Accountant at The Finance Company and worked his way up to Deputy Chief Executive Director and was on the Board till 2010.

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

After the segregation of Ceylinco Life and Ceylinco General he served Ceylinco

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

Apart from serving the Ceylinco Insurance PLC Board as the Director Finance he also serves on the Board of Subsidiary Companies of Ceylinco Insurance PLC.



Mr. U. Witharana

Director / Chief Financial Officer

Mr. Upali Witharana joined Ceylinco Insurance PLC as an Assistant General Manager – Finance (General Insurance Division) on 04th January, 1999 He is

a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Institute of Certified Management Accountants of Sri Lanka. He also holds a Master of Business Administration Degree from the University of Colombo. Mr. Witharana has over 30 years of management experience in the Insurance industry both in Sri Lanka and overseas.

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

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

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

BOARD OF DIRECTORS



Dr. W.C.J. Alwis
Director

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

Dr. Alwis joined Ceylinco Insurance Company in March 1988 as the Reinsurance Manager and was appointed to the Board as the Director (Technical) in January 1993. Presently holds the Executive Chairman of Ceylinco General Insurance Ltd.

He is also heading the Education Sector of Ceylinco Insurance PLC as the Chairman of CEG Education Holdings which is the largest private education conglomerate in Sri Lanka.

He is one of the past Presidents of the Insurance Association of Sri Lanka (IASL)

and is presently an Executive Committee Member. Dr. Alwis was also the President/Chairman of the Executive Board of the Association of Insurers and Reinsurers of Developing Countries (AIRDC) for the years 2012 to 2014 and is presently a member of the Board of Trustees.

Dr. Jagath Alwis is on the Academic Board of the Sabaragamuwa University of Sri Lanka and was a member of the Academic Board of the Faculty of Science of the University of Peradeniya.

He was conferred a Doctorate from the University of Middlesex, United Kingdom in 2013.

Dr. Alwis won the Award for the 'Personality of the Year at the 18th Asia Insurance Industry Awards Ceremony held in Taipei in November 2014 and also won the Awards for 'Outstanding Contribution for Education' and 'Educational Entrepreneur of the year' at the World Private Universities Awards held in Mumbai, India in 2014.

Dr. Alwis has also presented Technical Papers at many International Insurance/ Reinsurance Conferences and is a regular contributor to the International Insurance/ Reinsurance press.



Mr. P.D.M. Cooray
Director / Head of Training

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

Mr. Cooray is a Fellow of the Life Underwriters Training Council (LUTCF) U.S.A., a Chartered Insurance Agency Manager (CIAM), a Certified Manager of Financial Advisors (CMFA), CII (Award) on Financial Planning from the Chartered Institute of Insurance, London and

has an Executive Diploma in Business Administration from the University of Colombo. He played a key role in setting up the Sales Force of Ceylinco Life. He is an internationally reputed speaker who has addressed several Life Insurance Conventions and was the first South Asian non-member to address the Million Dollar Round Table (MDRT), the most Prestigious Life Insurance convention in the world.



Mr. S.R. Abeynayake
Director

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

He joined the Life Division of the Company in March 1998 as a Financial Accountant and held many senior positions before appointing to the Board. He was

appointed to the Board of Ceylinco Insurance PLC on 1st February 2011.

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



Mr. K.P. Ariyaratne
Director

Mr. Kapila Ariyaratne is a career banker with an experience in the industry spanning nearly 40 years. Until his retirement in April 2023, he served in many senior roles including that of CEO in local and international banks.

He holds a first-class honours degree from the University of Colombo and has served as Director in many quoted and unquoted companies/institutions in the financial sector. He is also a past Chairman of the Banker's Association of Sri Lanka. He currently serves as a director of Fintrex Finance Ltd.



Mr. D.H.J. Gunawardena
Director

Mr. Herschel Gunawardena is a Fellow of the Chartered Institute of Management Accountants, U.K. and a Chartered Global Management Accountant. He has over 50 years of experience, both local and overseas, in various industries including shipping, airline, mining, export/import trading and financial Services with over 20 years of General Management experience prior to serving on the Board of Directors of several companies, over the past 14 years.

Mr. Gunawardena was the Non-Executive Chairman of Citizens Development Business Finance PLC and a Non-Executive Director of Ceylinco Life Insurance Ltd. until he retired on completion of his term in office. He is presently the Senior Independent Non-Executive Director of Ceylinco Insurance PLC and an Independent Non-Executive Director of Pelwatte Dairy Industries Ltd. He is also a Director of Hunter & Company PLC, Lanka Canneries (Private) Ltd. and Heath & Co. (Ceylon) Ltd.

Mr. Gunawardena serves as the Chairman of the Audit Committee, the Related

BOARD OF DIRECTORS

Party Transactions Review Committee, Remuneration Committee and the Nominations Committee of Ceylinco Insurance PLC. He is also the Chairman of the Audit Committee at Pelwatte Dairy Industries Ltd.



Mr. P.A. Jayawardena
Director

Mr. Palitha Jayawardena counts over 32 years of experience in the field of finance. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of the Institute of the Certified Management Accountants of Sri Lanka. He joined the Life Division of the Company in 1990 as Chief Accountant (Branches) and was invited to the Board in 2005.

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



Mr. Takashi Kishi
Director

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

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

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

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

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

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



Mr. N. Vasantha Kumar
Director

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

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



Mr. N.D. Nugawela

Director

Mr. Nugawela was appointed to the Board in September 2001 and oversees the administration of the Company's General Insurance branches. Having had over 10 years experience at Insurance Corporation where he obtained a Diploma in Insurance, he joined Ceylinco Limited as a Liaison Officer in late 1980. In April, 1989 he joined Ceylinco Insurance (General Insurance Division) as a Branch Manager and was promoted as a Regional Sales Manager in 1991, as an Assistant General Manager in 1994 and as a Senior Assistant General Manager in 1998. He held the post of Deputy General Manager (Branches) with effect from 2001.

He served as Director/Chief Operations Officer of Ceylinco General Insurance Limited and retired from the post w.e.f. 31st December 2017.

Mr. Nugawela monitored the Technical and Claims functions of General Insurance and was in-charge of the "Nerve Centre" for claims processing.



Mr. S.H.J. Weerasuriya

Director

Mr. Weerasuriya is a Civil Engineer possessing a Bachelor of Science Degree in Civil Engineering from the University of Kingston, England.

He has worked for 4 years in England and 40 years in Sri Lanka as a Civil/ Structural Engineer.

He counts many years of experience having held the position of Chief Structural Engineer and Chief Engineer in private sector design practices.

He has also served as a visiting lecturer at the University of Moratuwa and is a Founder Member and Honorary Fellow of the Sri Lanka Society of Structural Engineers-Sri Lanka and has served on the Executive Committee for over 20 years.

He also serves as a member of the Board of Examiners of the Institution of Engineers - Sri Lanka.

Mr. Weerasuriya is a Member of the Institution of Civil Engineers, UK (Chartered Engineer) an Honorary Life Member of the Institution of Engineers-Sri

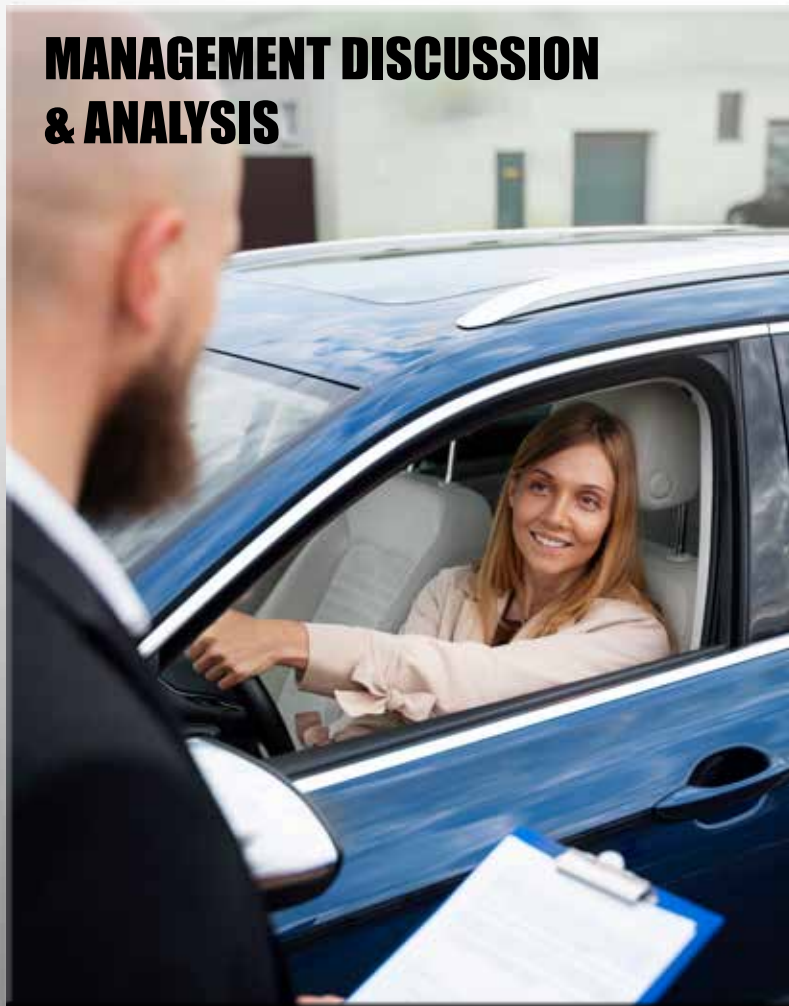
Lanka and an Honorary Life Member of the Society of Structural Engineers - Sri Lanka and is a Professional Engineer of The Engineering Council of England.

He is also a Fellow of the Institute of Project Managers - Sri Lanka.

He is the retired Chairman of Mercantile Investments and Finance PLC and is a Director of Kognosceti (Pvt) Ltd.

Mr. Weerasuriya is the Proprietor of Saro Weerasuriya Associates.

**MANAGEMENT DISCUSSION
& ANALYSIS**



MANAGEMENT DISCUSSION & ANALYSIS

Operating Environment



The conglomerate operated within a slowly recovering economy, with other macroeconomic factors showing constant volatility. The economy contracted, showing negative growth in the first two quarters and a slight rebound only within the third quarter. Inflation rates stabilised during the year, which resulted in the Central Bank of Sri Lanka loosening its monetary policy stance. Moreover, the finalisation of the IMF Extended Fund Facility (EFF) brought about improvements in market sentiments as discussions helped secure a package of nearly USD 3 Bn by the end of 2023.

The fiscal deficit increased due to increasing interest payments while the trade deficit contracted due to import constraints and subdued demand. Furthermore, the Sri Lankan Rupee witnessed an 11% appreciation against the US Dollar (between January and August 2023), now showing greater stability than the significant depreciation in 2022.

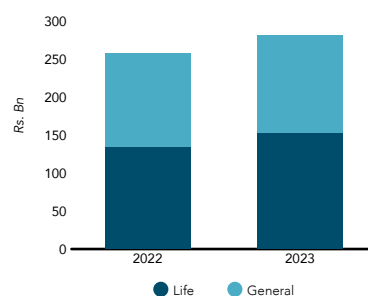
The local economy shrunk by 7.9% in the first six months of 2023. Inflation peaked in September 2022 at 69.8%, stabilising by August 2023 to 4% amid reduced demand. As part of its efforts to stimulate economic stability and growth, the Central Bank of Sri Lanka made several changes to policy rates across the year, and the latest revision was in November 2023.



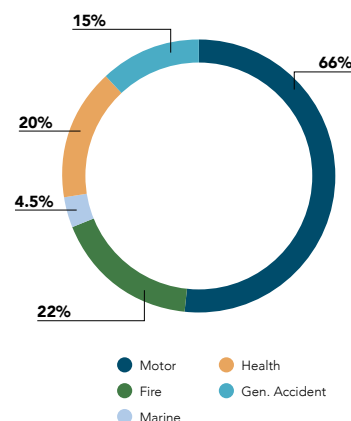
Insurance Sector

The Gross Written Premium of the Sri Lankan insurance sector grew by 9.3% to Rs. 281 Bn, compared to the same period in 2022. Premium growth in the life insurance business was 13% while the growth in the general insurance business was recorded as 4.9 per cent. The life insurance sector represented 54.4% of the total GWP while the general insurance sector recorded a 45.5% stake in the gross written premium in 2023.

GWP Composition - Life vs General



GWP - Insurance Segments



By the end of 2023, the country had 12 general insurance companies 14 life insurance firms, two composite firms and 78 brokering companies. One of the largest insurance companies (state-owned), divided its life and non-life insurance operations into two separate

MANAGEMENT DISCUSSION & ANALYSIS

entities, in January 2024. Industry profitability has increased compared to the previous year, with life insurance recording the highest PBT at Rs. 30.6 Bn followed by non-life insurers recording a collective PBT of Rs. 23.5 Bn for 2023.

On January 31st, 2024, the Insurance regulator introduced a directive stating that Sri Lankan general insurance companies should remit 100 per cent of SRCC premiums on motor insurance to the National Insurance Trust Fund (NITF), annulling the previously submitted rate of 12%; this development is likely to negatively impact the underwriting profitability of general insurers.



Power and Energy Sector

The energy crisis Sri Lanka experienced since early 2022 has dissipated from several complex reasons; the most important being the arrival of sufficient fuel, financial aid and an improvement in the country's dollar reserves. Further, the arrival of fuel shipments and sufficient water in reservoirs due to adequate rainfall helped the country regain uninterrupted electricity. However, the 66% increase in electricity rates became daunting for citizens and businesses already financially burdened.

According to the International Energy Agency (iea.org), oil, biofuels and coal are the main sources that fulfill the country's energy needs. Over 86% of the energy produced in Sri Lanka is done using biofuels and waste, while 12.9% is based on Hydropower. Hydro is used to produce over 40% of the country's electricity needs, followed by coal with over 33% of involvement in generating electricity.

In terms of electricity consumption per capita, the trend has increased by 127% in Sri Lanka, between 2000 and 2021, as opposed to a slowdown in electricity demand growth in many advanced economies. The residential sector is the largest electricity-consuming sector in

the country at 40% followed by Industry at 33%. According to PUCSL records, the country's renewable energy generation included hydro, wind, municipals solid waste, biomass and solar.



Education Sector

The Country's primary, secondary and higher education systems returned to normal in 2023, after severe disruptions from the pandemic, fuel crisis and power outages, from 2020 to 2022. In 2023, as the effects of the economic crisis became obvious, migration became the preferred choice for many in search of better prospects. In 2022 and 2023, the number of students and skilled worker migration increased rapidly.

According to the Board of Investment of Sri Lanka, over thirty thousand students were studying abroad in 2021, with the largest population in Australia, followed by Japan. Art was the largest graduate output of the country, followed by management and commerce. On the postgraduate level, more were pursuing programs related to Education followed by Art, Management and Commerce.

THE IMMEDIATE OUTLOOK

Predictions indicate an overall modest recovery for Sri Lanka, in 2024. Economic growth is expected to recover similarly at a forecasted rate of 1.7% (World Bank estimate). Any macroeconomic stability will depend on the success of effective debt restructuring and the efficacy of structural reforms. Headline inflation was around 6% in January and 5.9% in February 2024, according to the CCPI's headline inflation. Core inflation showed 2.8% based on the CCP Index, which could indicate less volatility in the near term. Nevertheless, potential downgrades of interest rates could bode unfavourably on fixed-income securities and deposits.

Across the business sector, technological advancements will be a common pursuit, as digital technologies will play a key role in redefining service parameters in sectors

Operating Environment

such as Insurance. The Group remains optimistic that the ban on vehicle imports will be eased, allowing more business growth in the insurance segment. The improving economic conditions provide some impetus to increasing premiums, which could offset any financial deterioration from the new directive. Furthermore, the lack of reinsurance cover for the SRCC segment of NITF poses a significant concern for the National Trust Fund if faced with heightened uncertainty and unforeseen losses.

Within the energy sector, the 2022 multi-sector pledge to cut greenhouse gas emissions in the industrial sector by 7% whilst progressing towards the year 2030, will likely pave the way for increased usage of renewable energy. As emissions continue to impact climate change, renewable energy will likely become widely produced and consumed, but this achievement requires considerable backing from the State authorities and the country's ability to quickly transit to solar power generation or to other modern renewable sources. Moreover, the electricity tariff hike remains as a positive sign for the Company's power sector, as it will boost the cash flow of its largest client, the CEB – leading to better timely payments.

Globally, the changes to academic migration by Canada, the UK and Australia and tightened visa regulations, will likely raise the demand for graduate and postgraduate programs in the local private higher education sector. Furthermore, the acceleration of AI and robotics, has paved the way to potentially alter the demand for such programs within the higher education sector, opening up new programs to match evolving needs of the job market.



SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Ceylinco Insurance PLC makes various contributions to the sustainable development goals, as a conglomerate with operations in insurance, education and the power and energy sector. The following provides an overview of how each sector makes several direct contributions to each applicable goal.

Insurance



Ceylinco Life and Ceylinco General Insurance actively contributes to reducing poverty through several social development projects. Importantly, the combined efforts of the insurance sector have helped secure the financial future of millions of individuals from diverse economic and social backdrops. Both companies have reached underserved communities of the island, and have made insurance accessible as well as affordable to safeguard them from undue financial distress when risks and uncertainties uproot their lives. Furthermore, our subsidiaries provided a cost-of-living allowance to deserving staff, reducing their financial burdens during these economically tough times.

Ceylinco General's 'VIP Pihita' remained actively involved in reducing the concerns of thousands of people through various initiatives. Across the year, the Company dedicated approximately Rs 25 Mn to uplifting underprivileged persons, including nearly 120 families who received financial assistance; this included three families affected by the Passara bus accident and also a mother and her infant

who are grappling with the circumstances of a tragic accident.



Over 2000 students in rural schools benefited from an initiative funded by Ceylinco General Insurance. At a cost exceeding Rs 17 million, these students received nourishing meals three days a week. These meals not only enhanced their physical nutrition but also fueled their capacity to learn with renewed energy.



Ceylinco Insurance subsidiaries have witnessed a commendable increase in its female sales cadre. This growth reflects the Group's commitment to diversity and empowerment. Female sales professionals play a pivotal role in promoting insurance products and serving clients effectively. Their contributions are invaluable, and this upward trend is a positive sign for both Ceylinco and the industry as a whole.



Ceylinco Life and ICBT has invested significantly in installing PV panels for solar power generation. In 2023, the Ceylinco Life head office generated over 83 MWhs of solar energy, while the organisation generated 1,001 MWh in solar energy during the year under review. The Company has also placed solar panels at Company-owned branches across the island. Furthermore, four of its new branches built in 2023 uses solar panels for renewable energy and uses a backup system to minimise its dependence on the national power grid.



Ceylinco Life has set an annual target to reduce its carbon footprint by 5 per cent while reducing its actual footprint by 9 per cent in 2023; this was achieved through consistent monitoring of paper, energy and fuel usage. Furthermore, by generating and using solar power, Ceylinco Life has offset 236 tons of CO₂ equivalent (tCO₂E) emissions per year in addition to reducing 37 tons of its carbon footprints.



Ceylinco Life has embraced the long-term benefits of green building initiatives, towards impactful efforts at

enhancing ESG. Its newly built Minuwangoda branch used the precast method which reduces the use of timber during construction and serves as a benchmark for other corporates. In other endeavors, Ceylinco General Insurance commenced the issue of digital motor insurance cards in 2023, in an effort to help curb the negative impact from plastic cards on the environment.



Several of Ceylinco Life's branches deploy water conservation methods, including rainwater harvesting, waste-water recycling and uses natural light and ventilation. In 2023, the Company recycled a total of 1,171,500 Litres of water, taking an active stand towards water conservation and mindful consumption.



The Insurance sector has actively contributed to preserving eco systems, with the inclusion of a special 10-acre reforestation initiative in the Rajawaka Forest Reserve by Ceylinco Life and a beach cleanup initiative undertaken by Ceylinco General Insurance. The latter was conducted under the support and hands-on contributions from over 800 of the Company's staff in clearing debris and waste from the polluted shorelines.

Education



The education arm of the Group, has invested significantly in providing primary, secondary and higher education opportunities to thousands of Sri Lankan students. The institutions' high level of standards allows students to receive a world class education, without leaving the country's borders. The Group has partnered with several world-reputed universities and higher education institutions to deliver quality education at optimal cost structures.



The sector's educational programs enable female social mobility and help fill knowledge gaps within the society by fulfilling gender equality through inclusive education.

MANAGEMENT DISCUSSION & ANALYSIS

SUSTAINABLE DEVELOPMENT
GOALS (SDGs)

The ICBT campus has embraced renewable energy to power its operations and enjoys 600kw of power-saving on a daily basis through solar-powered electricity generation .



The Group has contributed to establishing life-long skill development and learning opportunities, which enables employability of school leavers and young professionals, through the Group's higher education institutions. The Group's tertiary educational programs have helped create professionals who can cater to evolving job market demands in various industries. In 2023 alone, thousands of students graduated our tertiary and high school education institutions, equipped with the skills to either integrate to the workforce or pursue higher academic and intellectual knowledge.



As service-based organisations, our academic institutions have invested heavily in establishing the right physical infrastructure to facilitate a well-rounded learning experience. Our international-curriculum based schools and tertiary institutions are well-equipped to drive research innovations and to enable some of the best learning environments within the country's private education sector. They continue to make substantial investments in establishing academic facilities in other parts of the country, providing the nation's young generations with access to world class learning and innovation.



By providing access to internationally recognised educational programs, the sector is fulfilling the vital task of expanding the nation's human capital and promoting equality among various demographics. In recent years, the number of those pursuing tertiary education with our Institutes has risen exponentially, clearly depicting the ability of students from all economic backdrops to follow a world-class education through programs with renowned international partner universities.



Despite being service-oriented organisations, our Institutes and network of schools continue to manage their waste disposals in a proper and responsible manner. ICBT, for example, adopts waste reduction and recycling programs to minimise their environmental impact.

Power and Energy



The sector operates four solar power generation projects, which produces 4 MW of renewable energy; this provides access to clean and sustainable energy. Moreover, the Group has invested heavily in its four hydropower plants which produce nearly 14 MWs of power to the national grid.



The sector has made substantial investments in developing hydropower plants and mini solar power projects, which has immense benefit to the immediate community and the nation.



Our power and energy sector subsidiaries collaborate with the State power and energy sector authorities and utilities organisations to help curb dependence on fossil fuel based power generation; this also inadvertently contributes to a reduction in fossil fuel based emissions.

CROSS-CUTTING CONTRIBUTIONS



All our companies promote decent work and economic growth not only for employees but for all stakeholders. Whether it's in the form of employee remuneration or shareholder dividends.



Collectively, all subsidiaries have made significant investments in physical infrastructure, which contributes to sustainable cities and communities. One such example is ICBT's Rs 1 Bn investment in a new branch located in the Southern part of the country.



All subsidiaries collaborate with private and government organizations, to create mutually beneficial partnerships and ventures that create value for stakeholders. One such example is how the power and energy sector collaborates with the government to deliver renewable energy to the national power supply and another such example is the collaborations our insurance sector has formed with various international and national organizations to create risk management solutions. Furthermore, our academic institutes have partnered with various organisations to provide access to research capabilities, educational facilities and to facilitate collaborations on innovations. They provide a unique value proposition as moderators of change within the service sector. Moreover, by aligning their teaching and educational activities with SDGs they can contribute to a more equitable world for younger generations.

Moreover, the Holding Company has made a tax payment of Rs 82 Mn from a consolidated perspective in the year under review, sharing the financial growth of subsidiaries with the country's economic progress.

Operational Reviews

Sector Review:

Ceylinco General Insurance



With a 20.8% stake in Sri Lanka's general insurance market, Ceylinco General Insurance (CGIL) remains the undisputed industry leader. Operational for nearly 40 years, the Company has consistently been acknowledged as the 'People's General Insurance Brand of the Year' by SLIM-Kantar for an impressive 18 consecutive years. Ceylinco General Insurance has distinguished itself as an inventive solutions provider with numerous industry-first solutions and services.

Incorporated in 1987, the Company now operates over 550 locations with 190 branches. Furthermore, it operates 298 'VIP Counters' serving policyholders of Ceylinco VIP On The Spot motor insurance. This is in addition to a dynamic network of partners that cover every district of the country and includes our



own sales personnel, agents, broker companies and bancassurance partners alongside digital touchpoints and IT infrastructure, which are pivotal for the generation of policies and its provision of services to the largest policyholder base in the sector.

During the year under review, the company demonstrated a top-tier performance, registering commendable numbers in both motor and non-motor Gross Written Premiums (GWPs). These figures stood out as some of the highest among non-life insurance providers.

The Company's flagship brand Ceylinco VIP has become a household name, recognised by the entire nation. Much more than an insurance solution, Ceylinco VIP has become a brand name that is synonymous with the Company and insurance in general.

On-the-spot claim settlement by Ceylinco VIP revolutionised the industry with the fastest claim settlements, making the brand widely accepted, and as a brand name, Ceylinco VIP has carried tremendous sway with the general public. It maintains an unsurpassed reputation for speedy claim settlements and is the sole product in the country that is committed to immediate claim disbursements. Over the years, we have invested in extensive

marketing and promotional campaigns across numerous dynamic mediums. The product logo has become widely recognised as the pioneering motor insurance solution and has attracted growing demand, making it our highest-grossing insurance solution. In addition to providing one of the nation's top-rated motor insurance products, the Company also offers a comprehensive suite of services. This includes health insurance, marine insurance, travel insurance, as well as fire and engineering-related insurance.

Ceylinco General Insurance, over the last three and a half decades, pioneered many innovations, spearheading the growth of the insurance industry towards a brighter future, while raising the bar and setting new benchmarks for service excellence and product innovation to ultimately benefit the people of Sri Lanka.

Ceylinco General Insurance has been cognisant of industry trends and technologies, remaining up-to-date on futuristic market changes to maintain competitiveness. Moreover, the Company has maintained constant vigilance on regulatory changes and economic developments that impact company financials and growth expectations. The Company works closely with the Insurance Regulatory Commission of Sri Lanka, in matters that help set the pace and backdrop for industry growth.

MANAGEMENT DISCUSSION & ANALYSIS

Chairman's
Reflections

Dear Esteemed Stakeholders,

As we reflect on the past financial year, it has become apparent that the Sri Lankan insurance industry has maintained stability when challenges continued to mount. The sector has yet again proven that principles of risk management and financial protection continue to serve the nation at the most vulnerable of times. As an industry we have surpassed economic uncertainties, tough yet necessary regulatory changes and evolving stakeholder needs, all while continuing to ensure the financial security of clients.

Inflation became the worst headwind during 2023, as skyrocketing commodity prices and higher energy tariffs threatened the purchasing power of millions of Sri Lankans. Moreover, the general insurance sector continued to be gripped by the vehicle import ban. To combat these challenges and other macroeconomic concerns, the Company continued to focus on providing innovative insurance solutions while sustaining a formidable distribution network. Furthermore, strong and dynamic sales strategies, prudent underwriting and pricing strategies proved highly effective as factors that underpin success.

I am pleased to say that despite the economic distresses, we indemnified policyholders and distributed financial benefits to the tune of Rs. 8.3 Bn, a 6.4% increase compared to the previous year. Despite witnessing a slight decline in our after-tax profit, we have secured a 3.28% growth in revenue (GWP), securing the number one market share within the non-life insurance sector.

FINANCIAL EXCELLENCE

Amidst challenging operational conditions, we showcased strong performance. For the year ended 31st December 2023, the Company recorded a Gross Written Premium of Rs. 25.2 Bn which surpassed the previous GWP of Rs. 24.3 Bn. Despite an underperformed growth rate in comparison to the growth of 20.5% from 2022, the Company's premium income marked the Rs. 25 Bn mark, for the first time.

Our Company recorded a net income of Rs. 19.8 Bn while Fees and Commission income rose to Rs. 1.1 Bn, crossing the 1 billion rupee mark in the year under review. Although we recorded a lower profit-after-tax of Rs. 3.7 Bn in comparison to 2022, total assets expanded by 9.37% to Rs. 46.7 Bn in the period under review.

Non-motor gross written premium amounted to Rs. 14.4 Bn with various non-motor related insurance classes, including fire insurance contributing to the increased GWP. Moreover, motor insurance based GWP was recorded as Rs. 10.8 Bn.

The Company maintained sufficient financial capital to absorb potential risks and solvency. Exceeding the regulatory mandate of 120% capital adequacy ratio, the Company maintained a CAR of 219% compared to 193% maintained in 2022. The capital adequacy level corresponded with our risk profile across the year, which was ensured with oversight by the Board and higher management.

Across 2023, we distributed benefits and claims up to Rs. 8.1 Bn, which went beyond Rs. 7.8 Bn dispersed in 2022. Claims related to motor insurance

increased to Rs. 4.9 Bn and claims bound to miscellaneous insurance classes amounted to Rs. 2.6 Bn.

CRAFTING OUR SUCCESS

Developing pioneering innovations and unequalled services remained at the top of our focus, as we introduced six new products during the year: four new motor related products and two new medical insurance policies. While some of these target niche consumer segments, our new health insurance policies target a wider audience by being affordable and conveniently accessible. In relation to accessibility, we created 'Ananthaya' a unique health insurance cover, uniquely for customers who use SLT-Mobitel services. Customers can access the cover at a nominal premium and witness the value grow simultaneously to mobile bill payments.

We launched another pioneering service for Ceylinco VIP on the Spot policyholders, which includes delivery of insurance policies to preferred locations within 24 hours. We expect this to be a catalyst in securing higher business growth in the coming year, as it has tremendous potential to attract customers for its convenience. To achieve this we have streamlined our policy generation process and has implemented technology to make the process highly efficient.

Furthermore, the Company continued to invest in digital technologies to power digital insurance, and increase quality of services. Improvements to existing technological infrastructure continued across the year, in addition to investments in IT related training. In recent years, the Company has embraced new and better development tools and has bolstered cyber security frameworks.

Employees are the most pivotal asset in our growth and continued achievements. During the year, we honoured their commitments with higher remuneration, development programs and financial benefits apart from recognition and rewards for hard work and performance.

Ceylinco General Insurance

CGIL continued to enjoy top market position at 20.8% amongst non-life insurers while holding one of the largest insurance-oriented service and distribution networks in the nation. The Company opened two new VIP counters during the year and maintained 190 branches spread through the island; in total, the Company works through 550 company-operated locations with a sale force numbering over 1,900 and worked closely with 1,087 agents, 77 brokers and 7 bancassurance partners across the year.

FOCUS ON ENVIRONMENTAL SUSTAINABILITY

The Company made the crossover to digital insurance cards in the year under review, marking a significant milestone in our efforts to infuse sustainability and ESG into strategic priorities. The initiative integrates with our business priorities while making a positive contribution on environmental protection. We also continued our efforts of cleaning up our beloved shorelines, at selected beaches. I am proud to note that hundreds of our employees actively contributed their time in clearing waste and to restoring beaches to its natural beauty.

COMMUNITY DEVELOPMENT

In the year under review, the Company invested over Rs. 25 Mn for the benefit of vulnerable individuals and families. Under our CSR banner 'Ceylinco VIP Pihita', the Company provided financial assistance to individuals and families and provided free meals for underprivileged students in rural schools. Meals were given across the school year, on three days of the week, ensuring a balanced and nourishing meal for over 2000 students. Additionally, our staff organised a blood donation drive, which was concluded successfully with the participation of staff and well wishers.

STRATEGIC DIRECTION

The period ahead is seen with optimism as we witnessed promising economic changes by the end of 2023.

As an insurer, we also perceive better opportunities for the industry as and when the ban on vehicle imports will be lifted. Moreover, we anticipate greater business growth, as income levels adjust to reflect inflation, and as purchasing power strengthens.

The Company accelerated digitalisations further, by introducing comprehensive online services through a cutting-edge portal integrated with the Company website. The portal will help highlight digital visibility of Ceylinco VIP On The Spot and other products while offering customers a streamlined and efficient experience. The portal was developed through an exclusive partnership with Fagxa - an internationally renowned technology provider. Furthermore, similar ventures will continue in the future, with plans to further intensify digital insurance.

Our core focus on product diversifications and market expansions will continue with the objective of reaching unique market needs and untapped market segments. To benefit customers with affordable insurance, the Company will focus on targeting unique cross-sections of the market through partner channels and new business partnerships. Furthermore, we will continue to increase employee development efforts, investing in their professional and financial growth while providing avenues to develop their career in insurance.

APPRECIATIONS

I would like to express my sincere gratitude to our newly appointed CEO Mr. Rex Gunathilake who has used his distinct leadership style to set the tone for our team and also to our Executive Directors for being the strategic hand that guided CGIL in the year being reviewed.

I place on record my appreciation to Mr. Ajith Gunawardena, Executive Chairman/ CEO of Ceylinco Insurance PLC and the Board of Directors, for their guidance and unwavering support that was instrumental in securing the successes of the year. Their leadership was crucial in maintaining accountability across the organisation and for ensuring responsibility amongst internal stakeholders.

Furthermore, I owe my gratitude to the higher and corporate management of the Company, and the employees for their hard work, commitment, and passion toward the organisation's success. Each one of you has been a crucial part in our success.

Lastly, I would like to thank all our external stakeholders customers, partners, reinsurers, reinsurance brokers, business partners, including agents and brokers for their trust and support. Their patronage has helped us improve our levels of quality and operational standards while customer requirements continue to inspire us towards industry-first innovations.

We look forward to strengthening our relationships and building new ones in the year ahead.

MANAGEMENT DISCUSSION & ANALYSIS

Capital Management Review



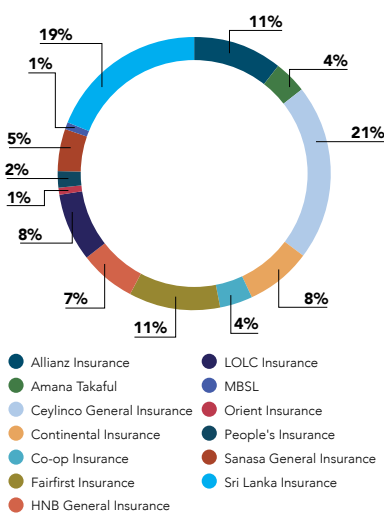
FINANCIAL CAPITAL

During the fiscal period under review, Ceylinco General Insurance reached a historical milestone in premium income, which can be characterized as a significant achievement in the face of adverse operational conditions and economic changes that affected the entire business environment. The Company's premium income peaked during 2023 as GWP crossed the Rs. 25 Bn mark, and withstood several regulatory restrictions and a dive in disposable income of the population due to inflation.

MARKET PERFORMANCE

The Company's leading position in the general insurance sector, as reflected by its market share, is a testament to its strong financial performance. The Company once again secured the number one position for the 19th successive year, as market leader in Sri Lanka's general insurance sector.

Market Share - General Insurance

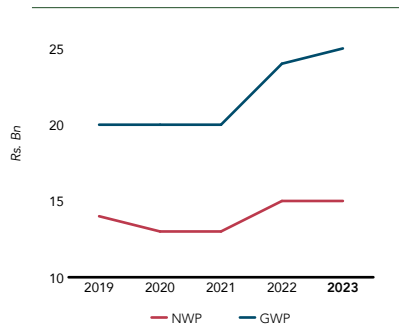


Source: IASL

BUSINESS GROWTH

Premium grew by 3.7% in the year under review to Rs. 25.2 Bn. The achievement is a result of widespread sales efforts from our sales force and partner channels apart from prudent pricing strategies. Motor insurance based Gross Written Premium reached Rs. 10.8 Bn in the year under review. Motor insurance claimed a 42.9% contribution to the total GWP. Non-motor insurance reached Rs 14.4 Bn compared to Rs 13.5 Bn during the year and formed 57.1% of the total gross written premium.

GWP and NWP

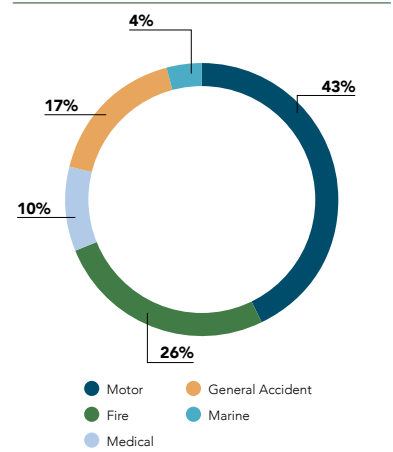


Subsequent to premium ceded to reinsurers (2023: Rs 10.7 Bn, 2022: Rs. 9.7 Bn), the Company's Net Written Premiums (NWP) for 2023, stood at Rs. 14.5 Bn compared to Rs 14.6 Bn reported in 2022.

PREMIUM COMPOSITION

Since 2020, the Company has operated with the ban on vehicle imports and its direct impact on motor premium income. Despite a cap on the full business potential of the insurance category, motor insurance continues to be the Company's most rewarding category, premium wise. It accounted for 43% of total premium income, followed by non-motor policies. GWP for motor premium income stood at Rs. 10.8 Bn by the end of 2023. In non-motor insurance premiums, fire insurance related premium income topped the category at Rs. 6.5 Bn from followed by general accident Rs. 4.4 Bn, medical Rs. 2.5 Bn and marine Rs. 1 Bn.

Premium Composition



NET INCOME (INCLUDING INVESTMENT INCOME)

The Company posted a net income of Rs. 19.8 Bn, which was subdued compared to Rs. 22.2 Bn reported in the previous financial year. Nevertheless, Fees and Commission Income has risen to Rs. 1.1 Bn – crossing the Rs 1 Bn mark for the first time. Investment income experienced a 30.67% decline to Rs. 5.2 Bn, which is attributed to a substantial decline in exchange gains. The Company's investment portfolio is considerable and shows a prudent mix of financial investments, with more funds prudently used in fixed deposits and treasury bonds.

Interest rates declined in 2023, posing a considerable effect on interest income for fixed income investments. The Central Bank of Sri Lanka took decisions to change its monetary policy as it eased monetary conditions in June 2023, which resulted in a downward adjustment of interest rates; in an effort to bring economic stability and control inflation. The most recent revision was in November 2023, which resulted in a decline in the Standing Deposit Facility Rate and the Standing Lending Facility Rates to 9 and 10%, respectively.

Ceylinco General Insurance

Comparative financial performance

Indicator	2023	2022	Change %
Profitability	3.7	3.8	(1.5)
Net income	19.8	22.2	(10.81)
GWP	25.2	24.4	3.28
Net claims and benefits	8.3	7.8	6.41
Total assets	46.7	42.7	9.37
Total liabilities	26.4	25.6	3.12

PROFITABILITY

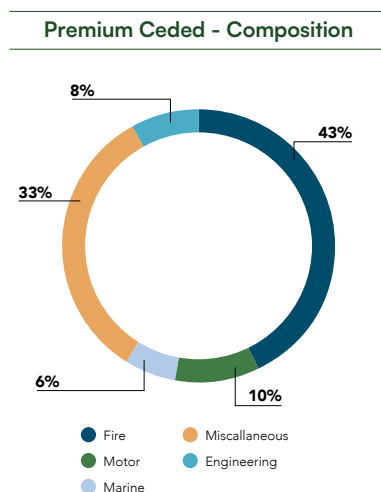
As a result of a commendable GWP and higher net income, the Company marked a profit before tax of Rs 4 Bn compared to Rs. 3.9 Bn in 2022. Profit after tax amounted to Rs 3.7 Bn despite a higher tax expense. The after tax profit shows a slight decline from the previous financial year. Moreover, underwriting profit was recorded as Rs 5 Bn, reporting a slight decline in the year under review; nevertheless, these indicators reflect the Company's financial stability and broad financial scope, as market leader in general insurance. The Company's bottom line was mostly affected by the corporate tax hike.

NET COMBINED RATIO

The Company has successfully maintained its Net Combined Ratio at the threshold of 100%, which indicates effective management of underwriting profitability, claims and expense management.

PREMIUM CEDED TO REINSURERS

The financial risk passed to reinsurers increased by 9.9% to Rs. 10.7 Bn in 2023, and also reflects the year's growth in premiums. 43% of premium ceded was from fire insurance related risks, while 33% falls within the miscellaneous categories of insurance. Motor Insurance related premium ceded to reinsurers represented only 10% of the total transferred risks.



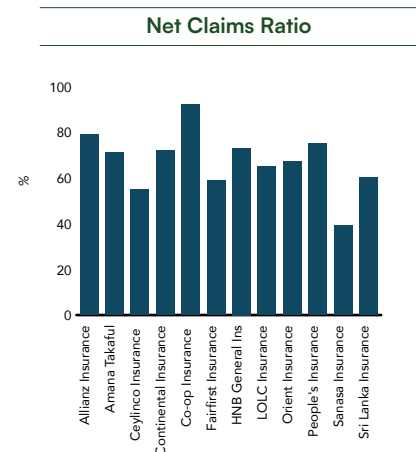
EXPENSES

In 2023, inflation stabilised at mid-single digits but only after goods and services escalated to a substantial level. Despite the stabilisation and with considerably high operational overheads, Other Operating and Administrative Expenses of the Company were reported as Rs. 5 Bn over Rs. 5.5 Bn reported in the year before. Finance cost hovered around the same value as 2022 at Rs. 57 Mn with the Company adopting a cautious approach on borrowings to keep finance expenses at an optimal level.

Total benefits, claims and other expenses reached Rs. 15.7 Bn against Rs. 18 Bn from the previous year – showing a 14.2% decline as a result of carefully scrutinised and taking practical methods to control expenditures. Capital expenditures were maintained at an optimal and prudent level during the year, to curb unwarranted spending amidst inflationary concerns.

BENEFITS AND CLAIMS

The Company's gross benefits and claims reached Rs. 11 Bn from Rs. 10.7 Bn in 2022; net benefits and claims were reported as Rs. 8.2 Bn in 2023 against Rs. 7.8 Bn in 2022.



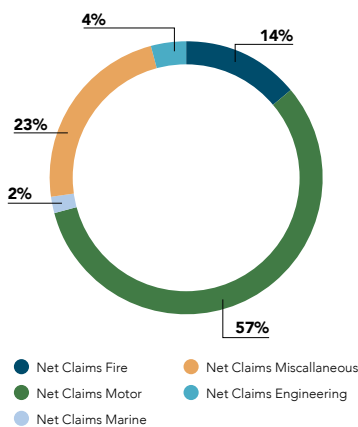
The Company's Net Claims Ratio amounted to 55%, one of the lowest in the general insurance sector. The low NCR demonstrates profitability as the Company has the ability to retain a higher portion of premiums collected. For the year under review, net claims and benefits amounted to Rs. 8.2 Bn in 2023, an increase of 5%. Motor insurance related claims and benefits accounted for

MANAGEMENT DISCUSSION & ANALYSIS

55% of the total amount, followed by 27% of miscellaneous insurance categories, including health insurance. Net motor claims amounted to Rs. 5 Bn during 2023, surpassing non motor related net claims and benefits of Rs. 3.2 Bn.

The Company had a strong grasp on its net benefits and claims through careful management. Moreover, the Company's large stockpile of spare parts for repairs and focused efforts to evaluate the accuracy of claims became a key contributor to maintaining a prudent claims ratio. The high costs associated with spare parts did not negatively impact motor claim settlements, due to the aforementioned inventory management.

Claims Composition (Net Claims)



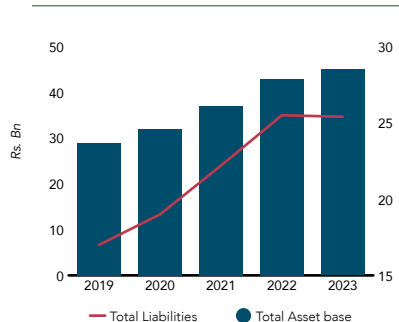
FINANCIAL AND CAPITAL POSITION

The asset base of Ceylinco general insurance reached Rs. 46.7 Bn, which has increased by 9.37% in the year under view, while liabilities amounted to Rs. 26.4 Bn increasing by 3.12% from 2022.

Financial instruments form a major part of total assets with Loans and Receivables being the leading factor at Rs. 10.5 Bn. This is followed by Available for Sale Financial Assets at Rs. 8.6 Bn while insurance receivables also increased to Rs. 7.5 Bn in the year under review. Moreover reinsurance receivables also rose to Rs. 6.4 Bn from Rs. 5.23 Bn reported in 2022.

The Company's liabilities are at a manageable position with assets exceeding dues and borrowings. This is the result of prudent management of investments and timely settlement of dues, despite higher interest rates which prevailed for the most part between 2022 and 2023.

Assets and Liabilities



USEFUL INDICATORS

Within the period being reviewed, the return on assets was recorded as 9% while the return on equity was reported as 18%, which showed a decline for the period under review and reflects the slightly subdued profit for the respective financial year.

Earnings per share (EPS) by the end of the year reached Rs. 1,489 which is a 1.26% reduction when compared to the EPS of 2022. Furthermore, the solvency ratio or capital adequacy ratio increased to 219% for the period being reviewed, increasing from 193% reported in 2022.

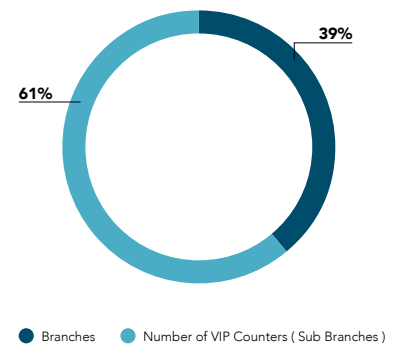


MANUFACTURED CAPITAL

As Sri Lanka's leading non-life insurance company, Ceylinco General Insurance also retains the top-most asset base within the general insurance sector at a value of Rs. 47 Bn; from this asset base Rs. 4.4 Bn accounts for physical Property, Plant and Equipment and represents the Company's manufactured capital alongside digital touchpoints and IT infrastructure, which are pivotal for the generation of policies and its provision of services to the largest policyholder base in the sector.

PROPERTY PLANT AND EQUIPMENT (PPE) AND SERVICE NETWORK

Branches and VIP Counters

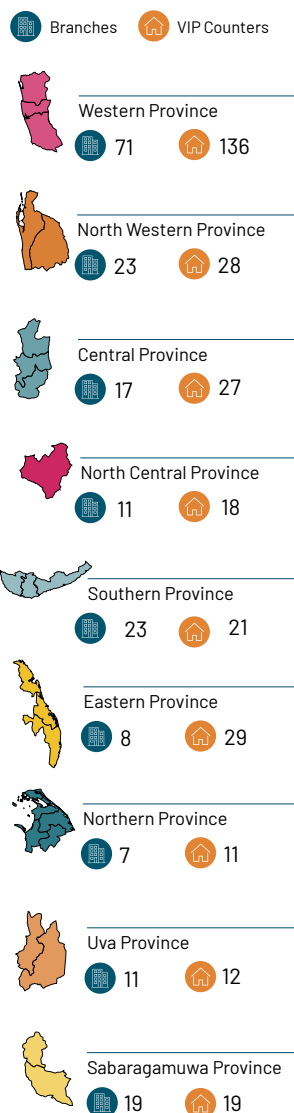
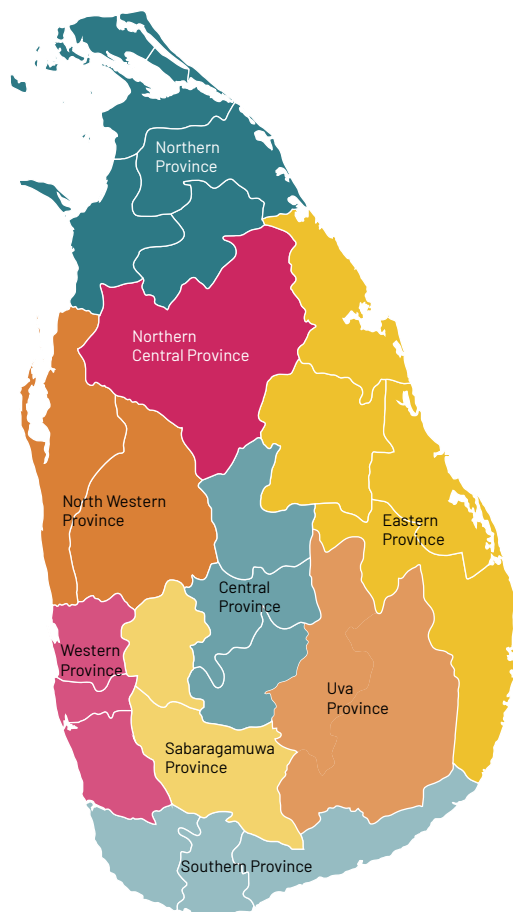


The Company's PPE comprises land and property acquired on a rental basis, except properties in Nawam Mawatha, Gampaha, Kurunegala and the Head Office property, which remains in the Company's ownership. The Company's branch network is also one of the most expansive in the insurance industry, with over 193 branches dispersed across the country. Moreover, CGIL has a good dispersion of over 298 VIP counters, including two new counters added in 2023. These counters have been growing steadily in the past five years.

During the year, two new VIP Counters were added to the network, with branch numbers remaining unchanged. In total, the company commands a total of 550 locations in each district and region of the island. The company also works through a highly saturated network of partners (brokers, agents and bancassurance partners), which requires the Company to keep branch and service locations at an optimal level. This diversified nature of its distribution network allows CGIL to keep the operational expenditure and capital investments at an optimal level while gaining premium growth across the year.

Ceylinco General Insurance

BRANCH NETWORK



Other Physical Interaction Points

The Company operates a fleet of 13 mobile propaganda vans that travel across the country to promote insurance solutions and services. Additionally, the Company runs 5 Ceylinco VIP rest spots for the convenience of VIP customers in Mundalama, Warakpola, Kithulgala, Malsiripura and Kuruwita. Furthermore, policyholders can access information and make payments related to 3rd party motor insurance through 4,208 post offices, enjoying greater accessibility.

	2023 '000	2022 '000	Change %
Total assets (Rs)	46,678,057	42,701,974	9.3
Property, plant and equipment (Rs)	4,432,760	4,322,298	2.6
Capital expenditure (Rs)	440,208	172,295	2.55

CALL CENTRE

The Company's call centre is one of the most exclusive in the industry, with a team of well-trained operators working around the clock to deliver information and resolve customer requests. The call centre is automated with the latest tech solutions to enable seamless and centralized operations. At present, 40 tele-operators provide trilingual assistance. Each day, the team undertakes an average of 450 vehicle accident reports and over 100 intimations for non-motor claims.

The call centre operates 24 hours a day across the year, connecting customers with relevant department personnel and resolving payments, claims and product-related inquiries within the least possible time. Furthermore, the hub acts as the first responders to accident reporting.

DIGITAL INTERACTION POINTS

Amongst the Company's mix of digital interaction points, the website remains the most widely accessed and comprehensive online platform. Complete with access to information, it enables customers to view product information, obtain policy quotes and make payments, and other feature-facilities. The website also provides access to the Company's other digital tools, such as the VIP Hub, Ceylinco VIP app, branch locator, and renewal request option, and facilitates the submission of complaints and queries.

In 2023, the Company revitalised the Ceylinco VIP hub, a portal that provides dedicated access to 3rd party motor cover, property cover, serious illness covers and expatriate family cover plans.

New Integrated Portal

The Company continues to accelerate the enhancement of digital service delivery and digital insurance facilities by adopting better technological solutions. In 2023, the Company partnered with FAGXA - a renowned technology service provider to develop a comprehensive portal that will provide better accessibility to digital information and digital insurance processes, from policy renewals to secure payment transactions.

MANAGEMENT DISCUSSION & ANALYSIS

Digital Billboards

Ceylinco General Insurance has the largest outdoor digital screen network in the country. This network of LED screen displays provides optimum visibility for product information and brand communications. Initiated in 2017, over 65 screens relay digital messages to thousands of commuters and have become a strategically viable alternative to billboards that are unseen during night hours. The number of screens remained unchanged in 2023.

IT INFRASTRUCTURE

The Company's technological infrastructure plays a central role in providing services to the nation. The infrastructure is an amalgamation of physical equipment and intangible assets (software), which continues to support the digitalisation and digitisation of work processes and documentation - across the product life cycle. Ceylinco General Insurance has made significant investments in enhancing the existing infrastructure while adding advancements that provide far greater agility and security when performing critical functions, such as policy generation, underwriting, claims processing and information dissemination.

Service delivery has now become efficient and faster due to the IT systems and has led to the introduction of novel solutions, such as digital insurance policies and certificates introduced in 2023. Moreover, the Company's virtual assessor system provides a faster fulfilment of assessing vehicle damages, providing convenience to both policyholders and the team of assessors.



HUMAN CAPITAL

At Ceylinco General Insurance, the Human Resource Strategy is created to inculcate a well-supported and continuously evolving, innovative workforce. The Company's market dominance is a result of attracting, nurturing, and retaining the best talent in a work environment that advocates active learning and innovative mindsets. CGIL focuses on employee development and

professional and personal growth while making them active stakeholders in achieving corporate objectives.

THE WORKFORCE

Formed by experienced and highly skilled employees, the team at Ceylinco General Insurance comprised 2,821 individuals, with 72 per cent male representation and 28% female representation. In 2023, the Company placed priority on increasing its female cadre. From the perspective of tenure, 68 per cent of employees have served the Company for ten years or less, while 23% have remained for more than 11 years but less than two decades. 69% of the cadre works permanently, and 22% are employed on a contractual basis. Age-wise analysis shows that 49% of team members are between the ages of 30 and 50, while another 42% belong to the under-30 age category, and 8% of employees are above the age of 50.

RECRUITMENT

Across the operational year, the Company witnessed the infusion of 1,450 employees, which comprised 1,011 male recruits and 439 female hires. Recruitment grew by 19% compared to the number of individuals hired in 2022. A majority of new employees filled positions in Senior and Junior Executive and Executive categories followed by Clerical, Assistant Manager and Manager levels. Upon further analysis, over 85% of recruits were under the age of 30.

The Company adopts a formal recruitment process to match the best candidate with the best job. Carefully recruited candidates receive a comprehensive induction and training program for two weeks, as the Company acclimate the new members to the culture, operational work environment and processes and will help develop soft skills.

Turnover and retention: In 2023, 330 employees resigned from the Company, which includes 11 per cent male employees from the total male cadre of 2,033 and 13 per cent from 796 female employees.

TRAINING AND DEVELOPMENT

The Company made considerable investments in resources, funds and time to organise meaningful technical and soft skill-focused training programs. Across the year, CGIL organised 120 such programs, with over 80% of internal programs. Collectively, programs accommodated 2,355 participants, including 2,300 participants in sales and customer care training and IT and Technical training that targeted 800 participants from Underwriting. 600 participants took part in induction training, while leadership, management development, personal development, insurance product training and team building programs received over 600 participants.



Ceylinco General Insurance

	2023			
	Participants	Job category	Resource persons	Internal/external
Induction Training	600	Sales & Technical	Internal Resource	Internal
Salesmanship	1000	Sales	Internal Resources	Internal
Customer Care	700	Sales	Internal Resources	Internal
Leadership	55	Sales	Internal Resources	Internal
Technical & IT	800	Underwriters	Internal Resources	Internal
Management Development Program	25	Senior Managers	Internal & External Resource	Internal
Management Development Program	40	Middle Level Managers	Internal & External Resource	Internal
Personal Development	150	Sales & Underwriters	Internal Resources	Internal
Insurance Product Training	300	Sales & Underwriters	Internal Resources	Internal
Team Building (Out Bound Training)	70	Automobile	Internal Resources	External

REMUNERATION AND INVESTMENTS

The team at CGIL receives remuneration on par with the best industry standards, ensuring the right financial and non-financial incentives. In 2023, investment in staff financial remuneration and benefits topped Rs. 3.5 Bn compared to Rs. 3 Bn in 2022. 74% of this financial base included Wages and Salaries (with bonuses and incentives), 17% was other staff-related costs while 7% and 2% were allocations for EPF and ETF, respectively.

Key indicators	2023	2022	Change %
Financial remuneration (Rs Mn)	3,353	2,971	15.8
Revenue per employee (Rs Mn)	8.9	8.57	0.35
Net profit per employee (Rs Mn)	1.32	1.33	-

CHAMPIONING PERFORMANCE

The Company follows a transparent and equitable appraisal procedure, which ensures a balanced approach to assessing employee performance. Each employee undergoes the evaluation and receives an equal playing field to present their contributions and hard work. The management provides 'actionable' responses and recommendations to improve areas that lack depth, which are identified through the evaluation mechanism. Employees are presented with the progress of their performance against peers and receive a fair opportunity to improve their shortcomings.

Irrespective of the function or business discipline, employees in technical, sales and managerial roles are evaluated to ensure that their growth aligns with corporate goals, industry developments and personal expectations.

Amongst the Company's reward programs, the 'Ten Million Circle' (for sales staff) deserves due recognition. The program assesses employees across six segments: Hall of Fame, Gold, Silver, Bronze, Certificate Member and Member; each category is entitled to awards based on the level of performance. For example, 'Hall of Fame members will receive a house, a family world tour and a brand-new car.

CAREER GROWTH

Opportunities to enhance professional trajectories are rampant at CGIL, this is mostly evident through annual promotions. In 2023, 265 employees received a career boost with promotions to rewarding positions. Furthermore, employees receive mentoring from Senior employees, who share their insights and years of industry exposure to help further the professional growth of junior colleagues.

ANTI-CORRUPTION

The Company treats any discriminatory and corrupt behaviour sternly and takes serious actions against wrongdoers to rectify delinquencies. As such, financial misappropriations are not taken lightly, and zero tolerance is exercised when bringing matters to a resolution. In the event of any such impropriety, the accuser and the accused will receive a fair and impartial investigation through a formal hearing apart from an internal audit before disciplinary actions are enforced.

MANAGEMENT DISCUSSION & ANALYSIS

WORKLIFE EQUILIBRIUM

CGIL Employees' Welfare Society has been tasked with conducting activities to instil work-life balance in employees. A balanced approach to professional and personal well-being is promoted through recreational activities, including annual employee family excursions, talent shows, religious activities and others.

Furthermore, to ensure physical and emotional fitness, the Company's Sports Club provides staff opportunities to play and compete with colleagues and industry peers. In the year under review, the company took part in 'The Mercantile E Division cricket tournament' and emerged at the top in first-round matches with an unbeaten score. Moreover, the Company's Rugby team became Shield Champions at the Mercantile Rugby Football Association's Rugby Sevens, 2023.



EMPLOYEE WORKPLACE WELL-BEING

Ceylinco General Insurance strives to maintain an environment that fosters respect, inclusion, equity and collaboration in all branch offices and head office departments. The Company works to foster a sense of ownership and belonging in the workplace and encourages an environment of camaraderie. Being in a highly competitive industry requires the workforce to be strong in their values and respect towards each other.

To ensure that undue stress remains at a low level, employees are privy to a grievance management procedure that is formal and transparent. Employee concerns can be raised without apprehension as the Company also endorses the Open-Door format of employee-management interactions, where employee ideas and differences of opinions can be presented to the immediate management and higher-ups.



INTELLECTUAL CAPITAL

Ceylinco General Insurance holds an unequalled intellectual capital base, which has enabled the Company to make broad strides in the insurance industry. The decades of experience, industry insights, technical understanding and a robust service network have ensured that the brand equity of Ceylinco General Insurance continues to grow uncontested within a highly competitive industry.

THE PEOPLE'S BRAND

The Company's brand name has become a resounding success for nearly four decades. Since the Company's inception, Ceylinco General Insurance has gathered wide recognition from the nation's public, including peers. Brand acceptance by the market can be witnessed through multiple accolades as mentioned in the following section. The Company's brand value attests to the Company's leadership position within the market apart from its widespread brand recognition.

BRAND AND SERVICE ACCOLADES

People's General Insurance Brand of the Year

In 2023, the Company secured the title and immense honour of being recognised as the 'People's General Insurance Brand of the Year' at the SLIM Kantar People's Awards; this is the 17th continuous year of receiving this title, and it is an example of the Company's dynamic presence in Sri Lanka. The methodology that underpins the award includes a nationwide survey that is unbiased in its exploration of the public's opinions and perceptions of Companies subjected to the survey.

Service Excellence in General Insurance

The Company's service excellence received the best accreditation, as it received the accolade of the most popular insurance company in terms of 'Service Excellence' from amongst general insurers. The recognition is the result of a transparent online survey by LMD business magazine and attests to the Company's commitment to making

Ceylinco General Insurance

innovative changes to providing convenient and efficient services in a friendly and empathetic manner.



In the year under review, the Company revived the 'Ceylinco VIP Hub', which now facilitates the purchase of in-demand insurance policies directly through the portal. The portal's interface supports user-friendly navigation, allowing any buyer to make a quick payment on the preferred policy. It's a one-stop shop with access to attractive motor insurance solutions and health and property insurance policy options.



Accelerating the Company's commitment to digital insurance and sustainable business solutions, CGIL launched the

INNOVATIONS

Ceylinco General Insurance introduced another industry-first, 'Motor insurance delivery to customers' doorstep within 24 hours'. The service came into effect on 2nd January 2024; however, preliminary processes commenced in 2023. The service is provided for 'Ceylinco VIP on the Spot' customers at no extra cost and enables superior convenience. The service is another speedy solution apart from on-the-spot claim settlements and is expected to be a benchmark in service efficiency and speed.

Motor Insurance			Health Insurance		
Ceylinco VIP Buddy Lorry	Ceylinco VIP Van Insurance	Ceylinco VIP Double Cab Insurance	Ceylinco Ananthaya	Ceylinco Suwa Divi	Ceylinco Suwa Derana
<ul style="list-style-type: none"> ✓ Ceylinco VIP Buddy Lorry Cover is a product specially designed for small lorry owners with unique benefits. 	<ul style="list-style-type: none"> ✓ Ceylinco VIP Van Insurance is a cover that offers a host of additional benefits to van users that cover passengers and provide security against legal obligations. 	<ul style="list-style-type: none"> ✓ Ceylinco VIP Double Cab Insurance offers enhanced benefits to double cab users, the insured and passengers. 	<ul style="list-style-type: none"> ✓ 'Ananthaya' is a unique product that addresses a compelling need for affordable health insurance coverage for serious illnesses and accidents at a minimal premium. It's offered as a value addition to customers of corporate entities such as banks, telcos etc... 	<ul style="list-style-type: none"> ✓ Ceylinco Suwa Divi is a medical cover offering daily hospitalisation cash and coverage for twenty serious illnesses for families and individuals under two standard schemes. 	<ul style="list-style-type: none"> ✓ Ceylinco Suwa Derana is designed as a mass-market health and accident cover offering hospitalisation coverage, accidental death and permanent disablement benefits for individuals at an easily affordable premium.

MANAGEMENT DISCUSSION & ANALYSIS

provision of digital insurance certificates and policies, which replace the usual plastic motor insurance cards and policy documentation.

UNIQUE AND NEW PRODUCTS

In 2023, the Company introduced six new products, including 'Ananthaya'. Three of the solutions are niche motor insurance policies, while three products provide medical coverage.

Ananthaya

From the said products, Ananthaya takes centre stage as it provides a host of significant benefits to a unique target market. The Company has partnered with SLT-Mobitel to introduce the solution to Telco's customers where the policy value increases in line with bill payments and provides Rs 500,000 serious illness cover on top of a Rs. 1 Mn personal accident cover. Affordability remains the core objective of this product and was offered at a nominal premium to pre-paid mobile customers of SLT-Mobitel in its initial stages.

CEYLINCO VIP ON THE SPOT



The most recognised insurance brand name in Sri Lanka, Ceylinco VIP On The Spot has helped change the definition of innovation in the insurance industry. The brand continues to enjoy top-of-the-mind recall due to its longstanding presence and as the first local solution that makes on-the-spot claim settlements for damaged vehicles.

TACIT KNOWLEDGE DEVELOPMENT

The Company invests in advancing and retaining the industry's best knowledge capital by providing technical and soft skills based training. CGIL invests regularly in training, ensuring employees receive the right impetus to improve their capabilities. Within the organisation, experience becomes invaluable as

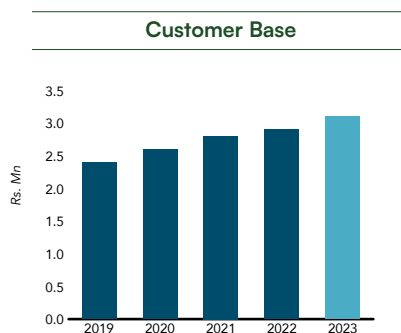
upcoming talent is mentored by senior leaders. Furthermore, job promotions, industry-best financial remuneration and continuous career development opportunities enable the company to retain employees who have fulfilled long-term service, thereby preserving and augmenting tacit knowledge.

SOCIAL AND RELATIONSHIP CAPITAL

At Ceylinco General Insurance, building social and relationship capital involves a strategic approach to maintaining mutual understanding and value creation with all its stakeholders (internal and external). The company has recognised that internal and external stakeholders greatly value its success. Therefore, the company actively pursues collaboration with stakeholders and involvement in community development, in addition to understanding and fulfilling their expectations (value creation). Social and relationship capital has provided the Company with the social license to operate, while Ceylinco General Insurance has been widely accepted as an icon in the Sri Lankan insurance landscape.

CUSTOMER RELATIONS

Ceylinco General Insurance serves one of the largest policyholder portfolios in the nation. With over 3.1 million policyholders spread across its motor and non-motor insurance portfolios, the company's ever-increasing client base has enabled tremendous revenue growth in the last three decades.



Doorstep delivery (Comprehensive motor insurance)

Ceylinco VIP on the Spot customers now have the utmost convenience of receiving new or renewed policies delivered to their preferred location in 24 hours. Customers can use the 1334 hotline to place their requests and submit information, which will then be shared with the nearest branch. Doorstep delivery will be done at no extra cost.

Other new solutions:

- Cover for DFCC credit cardholders - A Serious Illness cover and personal accident policy which grows according to the value of purchases.
- Health insurance for VISA cardholders - A Serious Illness cover and daily hospitalisation coverage for VISA cardholders offered at a nominal premium and accessible through Ceylinco's VIP Hub portal.

Physical and Digital Touchpoints

The Company reaches customers through several interaction points, which are continuously improved for enhanced service quality and customer experience. The Company works with its customers across a strategic mix of physical and digital channels.

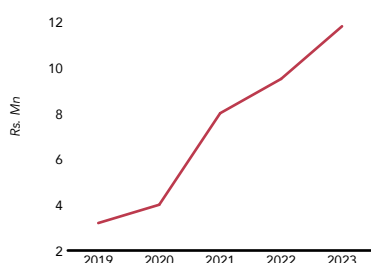
- Physical:** CGIL commands 550 service points, including 190 branches, 298 VIP Counters, a call centre hub, 13 mobile vans and a salesforce of 1,975 members; this is one of Sri Lanka's largest insurance distribution and service networks, further joined by 5 Ceylinco VIP rest spots and 4,208 post offices, which offer third-party motor insurance-related services.
- Digital:** The Company's digital service points include its website, Ceylinco VIP mobile app, Ceylinco VIP Hub portal and digital payment channels.

Digital Insurance

CGIL invested Rs 11.8 Mn in enhancing its digital insurance platforms during the year under review. Customers now have improved features and functionality on the VIP Hub portal. Moreover, new and existing customers can also obtain digital policies and certificates as an alternative to plastic insurance cards and physical insurance documentation.

Ceylinco General Insurance

Investments in Digital Insurance



Branding and Communication

In 2023, the Company focused on mass marketing 'Ceylinco VIP Insurance Guarantee and Doorstep Delivery'. The campaign cost was Rs. 10 Mn during the final six months of 2023 and ultimately reaped high top-of-the-mind recall and islandwide brand visibility. The campaign also promoted claim settlements for Ceylinco VIP policyholders and received some positive outcomes.

The Company also invested over Rs. 8.5 Mn on online advertising and social media campaigns with millions of impressions received on digital content, including social media campaigns, online advertising and blog/content marketing.

BUSINESS PARTNERS

Agents and Brokering Partners

The Company has formed relations with over 1,087 agents and 77 brokering firms that bring substantial business growth. The Company works closely with agents and broker firms to ensure effective sales strategies and provides training, product information and relevant guidance to all these business stakeholders.

Channel Partners



Bancassurance

The Company works with 7 reputed banking partners to further saturate the distribution of its services and solutions. Partner networks have an island-wide dispersion with unmatched accessibility to rural masses and niche communities - all with very unique insurance requirements.

Local Business Partners

The Company works with several state and private organisations to fulfil unique requirements. CGIL creates unique insurance solutions that address the unique needs of customers who obtain services from such organisations.

A core objective of such partnerships is to develop niche solutions delivered under unique and innovative alternative channels; moreover, the Company strives to make such options flexible and affordable to enhance accessibility to financially tolerable insurance policies.

STRATEGIC PARTNERS

We have partnered with various international companies that give exciting opportunities to expand our portfolio and innovations. With highly rewarding experiences and financial value that flows into the Company, we work with companies in the USA, Japan and companies in gulf-region-based countries including UAE, Bahrain, Oman, Qatar and Kuwait.

We also work with companies such as Berkshire Hathaway and AIG in the USA, and companies such as Japan's Mitsui Sumitomo Insurance to address their distinct insurance needs. We provide underwriting services while insuring domestic operations of multinationals. For partners from the Gulf region, we provide joint insurance solutions for migrant workers.

REINSURANCE PARTNERS

CGIL works with the world's best reinsurers, enabling the company to transfer risks adequately and maintain a healthy capital buffer. By tapping into the experience and expertise of reinsurers, the Company assures policyholders and stakeholders that their interests are protected at all times,

prudently. Moreover, sudden exposures to substantial financial risks will not destabilise the company's financial health.

SUPPLIERS AND SERVICE PROVIDERS

The company works with various suppliers and service providers to fulfil diverse requirements - from office equipment to telecommunication services. The Company works with reputed firms with proven quality and reliability in goods and services and works amicably to understand mutual benefits. The Company maintains its contractual obligations to companies that provide goods and services maintains professional, organised communications and remains approachable.

The Company works closely with several banks and other financial institutions, mainly in maintaining a prudent and rewarding investment portfolio and fulfilling funding requirements. Relationships with financial service providers are based on a complete mutual understanding of expectations and exercising trust, transparency and integrity to ensure the sustainability of such relationships.

RELATIONS WITH THE REGULATOR

The Insurance Regulatory Commission of Sri Lanka governs the industry and ensures the accountability of all insurers. The Company works closely with IRCSL by adhering to its directions and guidelines and collaborates on discussions that impact the industry's growth and stability. In response to regulatory directives and regulations, the Company communicates all governance-related changes to the regulator and submits quarterly returns, annual returns, audited financial statements, and details of reinsurance arrangements etc.

The Company supports the regulator by adhering to regulations to protect consumer interests, maintaining solvency to safeguard stakeholder financial interests, including benefits and claims to the policyholders and ensuring ethical market behaviour. In the period under review, the Company complied with all relevant and applicable regulations while adopting newly enforced regulations and amendments including.

MANAGEMENT DISCUSSION & ANALYSIS

- ☑ Circular No. 25, pertaining to the Premium Payment Warranty for General Insurance policies, mandates non-life insurance companies to specify various clauses related to necessary documentation.
- ☑ Direction No. 1 of 2023 requires non-life insurance companies to ensure that the market values of motor vehicles are accurately reflected in new and renewed motor insurance policies.
- ☑ The Principal Officer should also be the Company's highest executive, in charge of general control and supervision, reporting directly to the Board of Directors and maintaining communication with IRCSL.

COMMUNITY DEVELOPMENT

The Company fulfils its duty to society by expediting numerous community development endeavours under its philanthropic brand 'Ceylinco VIP Pihita'. In 2023, CGIL expedited various projects with a financial label of Rs. 25.9 Mn, as it helped support thousands of individuals directly and inadvertently. These were not limited to financial assistance and included free meals and a blood donation drive.

- ☑ Living assistance to 117 families, amounting to Rs. 5.7 Mn
- ☑ Financial assistance for three families affected by the Passara bus accident
- ☑ Monthly financial assistance of Rs. 25,000 to a mother and a newborn in Seeduwa recovering from an accident.
- ☑ Free meals for over 2,000 students, amounting to Rs. 17.2 Mn - Students received a balanced meal on three days of the week.



- ☑ The annual blood donation drive conducted at the Head Office collected over 280 pints of blood from employees and donors from surrounding areas.

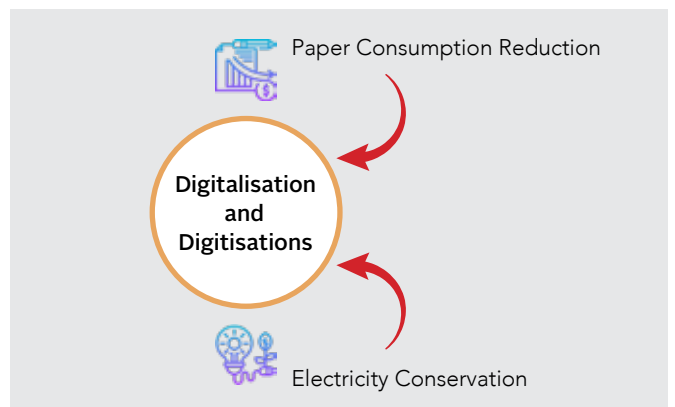


- ☑ Support for the annual 'Theru' festival in Matale.



NATURAL CAPITAL

The Company does not engage in activities that directly impact the natural environment or environmental resources. However, operational activities indirectly impact the environment with inadvertent impacts caused by consuming electricity, water, fuel and materials such as paper.



Ceylinco General Insurance

PAPER CONSUMPTION

Reducing the consumption of paper has grown across the organisation in recent years. As paper is produced using natural resources and causes pollution through disposal, the use of paper is continuously optimised by adopting digital technologies that reduce dependence on paper. In 2023, the initiation of digital insurance cards paved the way to make an impactful change within the industry.

Due to the growing volume of plastic cards that accumulate at the end of life spans, this method will promote environmental sustainability and change mindsets towards safeguarding the environment.

The transition towards digital insurance and policies has several benefits apart from its long-term benefit on environmental sustainability. The approach will benefit the Company with cost reductions by reducing paper consumption and wastage while supporting the company's focus towards enhancing its sustainability efforts.

Furthermore, adopting digital technologies is the best alternative to reducing overall wastage as it promotes workplace efficiencies and work-from-home rosters. The Company has adopted the following digitalisation efforts in recent years.

Now you can conveniently receive your Ceylinco General Insurance certificates & policies digitally!

- Environment-friendly
- Convenient
- Saves foreign exchange

(Our digital policies are in accordance with the provisions of the Electronic Transactions Act No. 19 of 2006)

www.zeylinco-insurance.com

CEYLINCO
VIP
ON THE SPOT
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1. Digital claim approval - Digital claim approval deploys a digitalised process which helps minimise paper usage and increase approval efficiency.
2. Online meetings: Meetings are increasingly conducted virtually, which reduces physical resource consumption, electricity and water consumption as well.
3. Work from home: Whenever possible, WFH rosters are still being opted as a better alternative; this has helped us to reduce resource consumption.

4. Digital insurance and policies - The Company continues to create digital mediums that provide access to policy purchases, renewals and payments as well as claim submissions; this enables employees and customers to minimise paper usage.
5. Digital cards - Replacing plastic insurance cards, which will gradually eliminate direct detriment to society.
6. Digital payment platforms - Reduces resource consumption by eliminating paper and resource consumption in traditional payment methods.

ENERGY CONSERVATION

At CGIL, we understand the importance of reducing energy consumption; we comprehend its impact on climate change and its role in reducing carbon footprint. Over the years, we have taken feasible measures to reduce electricity, fuel and gas consumption; however, ascertaining the impact of such efforts remains challenging, due to the large geographical dispersion of our branch and distribution network. Although it may take an indefinite period to resolve this challenge, we are now considering possible strategies to be implemented in the long term.

In the year under review, we continued measures to optimise our electricity consumption, within the Head Office and in branches, including the use of LED bulbs, adjusting air conditioner levels to optimum energy conservation and switching off lights, fans and electronics when not in use.

SAFEGUARDING ECOSYSTEMS

Ceylinco General Insurance has taken active steps to reverse pollution by cleaning waste from Sri Lanka's shorelines. A project that took place in 2022 continued in the year under review, with the participation of 850 employees who engaged in removing debris and waste, including plastics and polythene. Collected waste was handed over to respective municipal councils to ensure that the same waste was not disposed of back into the environment.



MANAGEMENT DISCUSSION & ANALYSIS

Operational
Reviews

Sector Review:

Ceylinco Life
Insurance

In 2023, Ceylinco Life marked an exceptional year of operations, celebrating two decades of uninterrupted dominance in Sri Lanka's life insurance industry. The company showcased a notable financial achievement, underscored by a 14.6% increase in its premium income. Ceylinco Life held a significant market share of 21.85% in 2023 and was honoured with numerous awards, reflecting the company's outstanding brand management strategies.

In the year 2000, more than twenty years ago, the company introduced a unique and distinctive brand icon to better represent its life insurance division. Since then, this iconic brand image has become synonymous with protection and trusted assurance for financial security. The company has pioneered innovative products that have transformed how Sri Lankans view and approach life insurance. The company has been honoured as the



'Most Popular Life Insurance Brand of the Year' for an impressive 17 consecutive years and has been named the 'Best Life Insurer in Sri Lanka' for a decade. These recognitions are in addition to numerous other awards that acknowledge the company's contributions to Corporate Social Responsibility and service excellence.

The company delivered a well-rounded performance, aiming to positively influence all its stakeholders. It swiftly carried out numerous environmental and community initiatives while managing financial priorities and achieving growth in premium income and profitability. Its Corporate Social Responsibility (CSR) agenda was dominated by free medical services and donations to the medical community and rural schools, in addition to an environmental agenda that has extended towards protecting habitats that are vital to Sri Lanka's ecosystem.

The company continued to form partnerships with external organisations to better meet the needs of its stakeholders. It fully understands the importance of social relationships and acknowledges its responsibility towards creating value for all stakeholders, as it continues to improve relationships as a vital part of its vibrant identity.

The Company is led by Mr Renganathan as its Executive Chairman – a pioneering leader of the Company and the insurance industry. The Company's leadership team comprises well-experienced industry professionals with a strong focus on innovation. Furthermore, Ceylinco Life has earned the distinction of being a top-notch workplace for three years running as a result of several well-coordinated and employee-oriented initiatives and policies to promote their well-being and career growth.

Chief Executive Officer's Reflections



Dear Stakeholders,

In 2023, Ceylinco Life navigated a unique set of challenges. Despite the national economy contracting, leadership's foresight, a well-defined strategy, and the commitment of a dedicated team enabled us to overcome these hurdles and achieve impressive results. Our Gross Written Premium grew by 14.58%, which contributed to pre-tax profits worth Rs. 8.4 Bn and post-tax profits amounting to Rs. 5.8 Bn. This performance underscores our resilience and adaptability in the face of adversity.

OPERATING CONTEXT

In 2023, macroeconomic shifts and a dynamic operating landscape put pressure on disposable incomes, leading to more families falling into the lower income bracket and significant migration. This negatively impacted the life insurance business, with a 19% decline in number of policies sold in year 2023 when compared with year 2022. The sector also faced challenges due to rising medical costs and reinsurance rates. Additionally, Sri Lanka's declining birth rate could potentially shrink the future life insurance market. Despite these

hurdles, the Sri Lankan life insurance sector showed resilience and made progress, thanks to the collective efforts of life insurance providers and the proactive role of the Insurance Regulatory Commission of Sri Lanka (IRC SL). At the sector level, gross life insurance premiums posted a YTD increase of 13% in Q4 152.8 Bn; pre-tax profitability moved in tandem, marking a 31% increase to Rs. 30.6 Bn.

FINANCIAL PERFORMANCE

The Company remained consistent on its promise of increasing financial value for all stakeholders. During the year under review, we honoured shareholders' expectations through sound financial returns and top-tier performance. Gross Written Premium amounted to LKR 33.4 Bn and investment and other income of LKR 28 Bn grew by 14.58% and 39.46% respectively.

Throughout the year, Ceylinco Life's financial books saw significant strengthening, with total assets growing by 17.3% to reach LKR 224.75 Bn. The company's insurance contract liabilities, also known as the Life Fund, rose by 16.79% to LKR 157.54 Bn, maintaining it as the largest in the life insurance sector. Additionally, Total Equity amounted to LKR 54.37 Bn, marking a 10% increase, which was fueled by improved profitability and transfers from the Life Fund, among other factors.

Amidst this performance, we continued investments in new technologies and efforts to streamline our processes. Furthermore, selling expenses increased as we undertook numerous initiatives to boost brand awareness and highlight the importance of life insurance. In terms of technological investments, we made initial steps towards the migration to a next-generation core system, which is set to power our potential to achieve better efficiencies and robust performance.

OUR PASSIONATE TEAM

To honour the incomparable dedication of our employees and to mark our 35th anniversary, we introduced a series of benefits. Our commitment to employee welfare is reflected in our fourth consecutive 'Great Place to Work'

certification, which followed a rigorous evaluation process.

Paying attention to increased attrition due to increased migration, we adopted several strategies to mitigate its impact. Process efficiencies were achieved through automation, eliminating the need for one-to-one replacement of staff. Other strategies included revised salaries and additional benefits for their well-being. In 2023, we offered internships to graduates, enabling entry into the insurance profession. We also collaborated with the Sri Lanka Institute of Marketing (SLIM) to offer a Diploma in Financial Sales Management.

Furthermore, two new designations were created in our leadership hierarchy in accordance with our succession planning, Chief Operating Officer and Deputy Chief Operating Officer, filled by long standing, experienced talents - Messers Ranga Abeynayake and Samitha Hemachandra who have significantly contributed to the company's progress.

WELL-ROUNDED SUSTAINABILITY

In accordance with our ESG policies, part of our commitment to community empowerment, we continued to concentrate on initiatives, in health care and education. A few of our flagship projects include an investment of LKR 12.3 Mn to build a pipe network that connects the central oxygen concentrator with over 300 ward beds at the Matale District General Hospital. We also conducted free nationwide medical camps for increased awareness amongst rural communities. Furthermore, we donated three classrooms in 2023, increasing the total number of donated classrooms to 87.

We remained accountable for our environmental impact and our commitment to our Sustainability Policy with the guidance of our dedicated Sustainability Committee with Board oversight. Four green branches were opened in Minuwangoda, Matale, Ja-Ela and Mathugama. These branches are powered by solar power with a

MANAGEMENT DISCUSSION & ANALYSIS

battery back up system to minimize dependency on the national grid, and holds rainwater harvesting and wastewater recycling facilities, reducing pipe water usage. Moreover, we reduced our carbon footprint by 9.3% to 3,337 tCO₂e, achieved through numerous initiatives. We also launched a flagship reforestation initiative with an investment of LKR 5.7 Mn.

AWARDS AND ACCOLADES

In 2023, we received numerous awards that affirmed our market leadership. Key recognitions include being named the Best Life Insurer in Sri Lanka by World Finance for the 10th year and winning Gold at the SAFA Awards for our 2022 Annual Report. Furthermore, the Ceylinco Life brand was ranked the most valuable in Sri Lanka's insurance industry by Brand Finance, with a value of LKR 3.5 Bn. We also retained the top position for service excellence in an online survey conducted by LMD and we were also voted as the most popular entity for customer service for the second consecutive year. These accolades inspire us to strive for even greater achievements.

WAY FORWARD

Despite macroeconomic challenges, we see signs of recovery and growth, particularly in the tourism sector and we anticipate consistent growth momentum leading to sustainable improvements in living conditions. As leader in life insurance, we aim to empower our nation by providing financial security and enabling them to pursue their aspirations. We are also focused on enhancing our financial resilience, diversifying income sources, and strengthening our market position. Furthermore, we are driving synergies among our subsidiaries, Ceylinco Healthcare Services Limited and Serene Resorts Limited, to provide our policyholders with quality life options. We're also expanding our reach to wider segments, focusing on Gen Z and innovative product features to meet evolving expectations.

APPRECIATION

I am grateful to our Board of Directors, Executive Chairman of Ceylinco Life Insurance Limited, Mr. R. Renganathan, for their vision and guidance. I also thank the Chairman and Board of Directors of our parent company, Ceylinco Insurance PLC, for their wisdom and continued support across the year. Moreover, I express my appreciation to our re-insurance partners, business partners, and the Insurance Regulatory Commission of Sri Lanka for their contributions. Importantly, I commend the Ceylinco Life Team for their efforts and thank our policyholders for their trust and inspiration.

Capital Performance Review



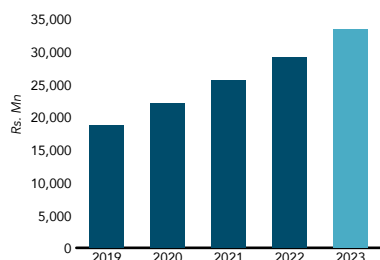
FINANCIAL CAPITAL

2023 was a year of unprecedented economic reforms and structural changes that redefined the Sri Lankan economy. Moreover, a slowly rebounding economy with a high cost of living defined consumer purchasing power and compelled businesses to adopt prudent cost controls in light of a massive electricity tariff hike and a 30% corporate tax rate.

While these were just a few variants that shaped the Company's financial capital, effective financial management and robust internal controls ensured profitability. Persistent efforts to achieve growth in premium income and expand market presence have ensured increased written premium and profit growth, while the re-engineering of financial processes has boded well in optimising financial investments and managing operational expenditure. Moreover, the Company has maintained adequate financial capital to support growth and expansions while reserving funds to reward shareholders.

PREMIUM INCOME

Gross Written Premium



The Company recorded a 14.6% growth in Gross Written Premium to Rs. 33,411 Mn surpassing the previous year's Rs. 29,160 Mn. The increase has come amidst reduced disposable income from inflation which shed concerns on premium growth alongside unfavourable impacts on the

bottom line from rupee devaluation and tax hikes.

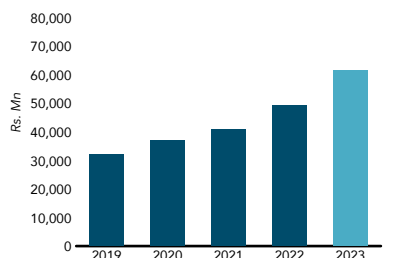
The Company's GWP had achieved a 21.85% stake from the overall life insurance industry's premium income of Rs. 152.8 Bn.

THE REVENUE TALLY

Total revenue for 2023 totalled Rs. 60,763 Mn against Rs. 48,759 Mn achieved in 2022. This is a 25% rise for the fiscal year being reviewed and is a result of higher Net Written Premium (NWP), higher investment and other income.

NWP amounted to Rs. 32,772 Mn, marking a 14% increase from Rs. 26,688 Mn achieved in 2022. Moreover, investment and other income rose by 39% from the previous year to Rs. 27,991 Mn indicating the gains from high interest rates on fixed income investments in 2022.

Total Revenue



NEW BUSINESS

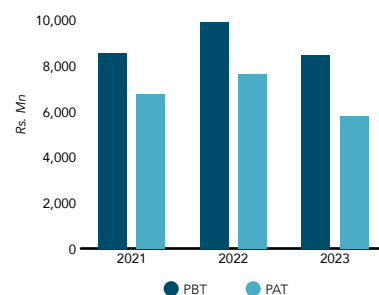
New business premium showed a 36% increase in 2023 when compared to a 19.7% decrease in the previous year.

PROFIT INDICATORS

The Company's profit trajectory met a decline in the fiscal year, with a 14.8% drop in the profit before tax to Rs 8,440 Mn over Rs. 9,911 Mn from the previous year. Stemming from this decline in PBT along with an impact from the higher tax regime, the Company's PAT dropped to Rs. 5,801 Mn in the year under review by 24% from the previous fiscal year's PAT of Rs. 7,631 Mn.

Ceylinco Life Insurance

Profitability

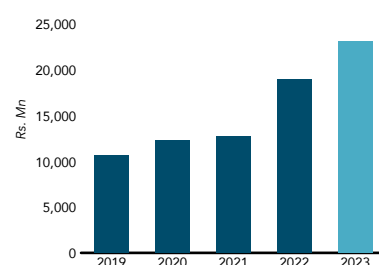


Reflecting this overall decline Earnings per Share (EPS) declined by 24.1% YoY to Rs 116 against last year's Rs. 153 per share. The number of ordinary shares remained unchanged during 2023.

BENEFITS AND CLAIMS

Benefiting our insured policyholders and beneficiaries, Ceylinco Life disbursed benefits and claims of Rs. 23,426 Mn in 2023; this is a 22% increase over the previous year's disbursement of Rs. 19,187 Mn. Net benefits and claims amounted to Rs. 23,135 Mn compared to Rs 18,969 Mn, which marks a 22% increase between the last two fiscal years.

Net Benefits and Claims



During the year, the Company also paid maturity benefits of Rs.16,567 Mn as opposed to Rs. 12,580 Mn paid in 2022, a growth of 32%. The increase in long-term insurance provision increased by 72% to Rs. 23,015 Mn against Rs. 13,375 Mn reported in 2022. The company's benefits represent 30.6% of benefits paid across the industry and reflect our commitment to safeguarding one of the largest policyholder bases in the country.

MANAGEMENT DISCUSSION & ANALYSIS

EXPENDITURES

Premium ceded to reinsurers totalled Rs. 640 Mn over Rs. 472 Mn reported in 2022. The number reflects the increase in Gross Written Premium. Acquisition cost has increased by 8% to Rs. 2,268 Mn while other operating and admin costs have dropped by 11% to Rs. 3,825 Mn which is a commendable outcome despite inflation.

Net Benefits, claims and other expenses amounted to Rs. 52,323 Mn compared to Rs. 38,848 Mn due to higher net benefits and claims to policyholders. However, prudent cost controls and better capital management have resulted in lower expenditure, ensuring continued profitability.

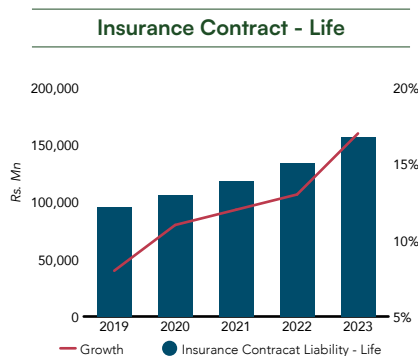
CAPITAL LEVEL

Capital adequacy level was maintained well above the statutory minimum, ensuring adherence to regulations and adequate financial buffers to absorb sudden risks. The Company's CAR was 344 % for 2023, while the industry Capital Adequacy Ratio was 358%.

FINANCIAL POSITION

Assets and investments play a central role in ensuring long-term sustainability. As of the end of 2023, the Company's total asset base increased by 17.34% to Rs. 224,746 Mn compared to Rs. 191,532 Mn. The value of assets represents 27.4% of the total industry asset base of Rs. 820 Bn. Total liabilities amounted to Rs. 170,373 Mn against Rs. 142,133 Mn reported in 2022. The increase can be attributed to an increase in Insurance Contract Liabilities, which accounted for 92% of total liabilities during the year.

Life insurance fund reached Rs. 157,537 Mn for the year 2023, surpassing Rs. 134,885 Mn reported in the previous year by 16.8%. Equity (without restricted regulatory reserve stood at Rs. 50,917 Mn at the end of the year, showing a 10.8% increase, while shareholders' funds (with restricted regulatory reserve) amounted to Rs. 54,373 Mn, increasing by 10% in the year under review.



Investments amounted to Rs. 198,100 Mn during 2023, surpassing Rs. 165,906 Mn in 2022; this is a 19.4% in the fiscal year.

DIVIDEND

The Company made a dividend payment of Rs. 913 Mn even amidst uncertain economic context; this dividend surpassed Rs. 788 Mn paid in 2022.

SLFRS STANDARDS

From the 1st of January 2026, SLFRS 17 will replace SLFRS 4 – Insurance Contracts, for which preliminary transition work began in 2023 with the expertise of KPMG. Moreover, SLFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and will take place with the implementation of SLFRS 17.



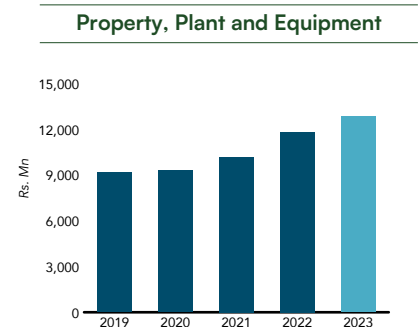
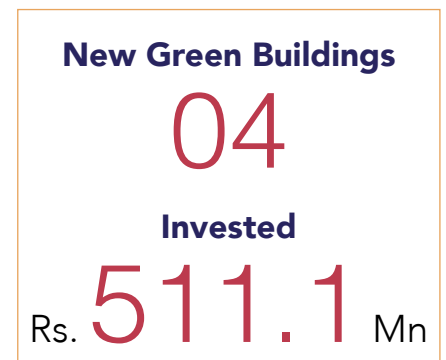
MANUFACTURED CAPITAL

The branch network and physical infrastructure (including furniture, office equipment and vehicles) and technological resources enable the systematic distribution of services. Ceylinco Life's buildings (owned and obtained on lease) and all physical resources contribute immensely to generating and delivering stakeholder value and eliciting corporate growth.

Ceylinco Life's branch network takes a predominant place in the Company's stock of manufactured capital. These island-wide branches were consolidated in 2022, creating a cohesive presence in each district and region of the island. Moreover, the Company has maintained investments in improving company-owned buildings to drive effectiveness and manage rising maintenance

costs. During the year, rising costs necessitated more efficient management of manufactured capital to retain asset values and ensure higher returns in the future.

For the year under review, Property, Plant and Equipment amounted to Rs. 12,820 Mn against Rs. 11,835 Mn reported in the previous year. In the year, four new buildings were constructed in Matala, Ja-Ela and Minuwangoda, as well as Mathugama, complementing green building concepts. The number of Company branches reached 128 during the year. Total PPE represents 6% of total assets by the end of the fiscal year.



GREEN BUILDINGS

The Company has 29 green buildings that have utilised green design concepts during pre-contract and post-building stages.

The Company has successfully completed the first pre-cast building in Minuwangoda. The process involves certain segments being built off-site and later assembled on-site. Utilising cut-cement for flooring due to tile shortages. Using old material stocks set aside from previous renovations to complete building projects, such as glass, aluminium extrusions, doors, GI pipes etc.

Ceylinco Life Insurance



Ja-Ela



Matale



Matugama



Minuangoda



HUMAN CAPITAL

At Ceylinco Life, its human capital is a pivotal aspect of its 20-year market leadership. The Company manages its human capital based on a balanced approach to achieving business goals and developing opportunities for employees' development. The latter objective takes precedence when creating talent development measures, from recruitment to recognition. Across 2023, the Company continued to guide and develop its human capital, shaping the potential of its employees and industry stalwarts.

Training Hours per Employees

18.72

Employees

740

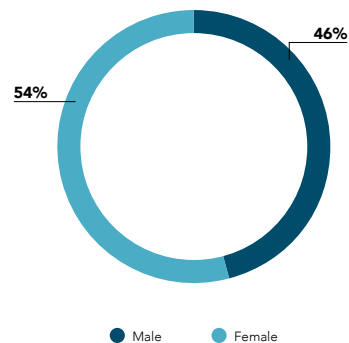
Salaries and Bonus Incentives

Rs 2 Bn

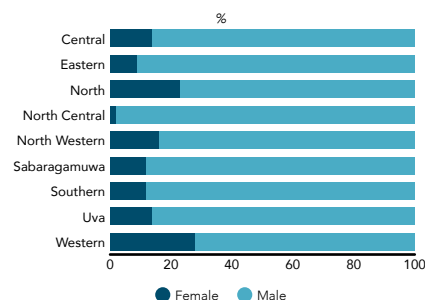
THE TEAM

The team at Ceylinco Life is uniquely diverse with a proven capacity for exceptional long-term value creation. Best practices in Human Resources Management guide the workforce, shadowed by a robust governance framework. The Company currently employs 740 people, of which 96% hold permanent status. In 2023, the team comprised 147 female staffers and 566 male co-workers. 85 individuals joined during the year, while 96 people resigned for various reasons.

Recruitments by Gender



Employees by Region and Gender



Ceylinco Life has prioritised recruitment of female employees, as demonstrated by 54% of female recruitment in 2023 – an effort to enhance gender balance. All senior management members are recruited from the local community and the Company endeavours to hire from within the region to offer equal growth opportunities.

INCLUSIVE AND HOLISTIC WORK ENVIRONMENT

The Company places significant focus on the well-being of its employees and are steadfastly committed to a positive work environment. The Company has earned recognition as a 'Great Place to Work' (GPTW) certification for Four successive years, which reflects a rewarding and conducive work environment. Ceylinco Life was bestowed with the Great Place to Work certification in the year under review as well.

MANAGEMENT DISCUSSION & ANALYSIS

To uphold transparency, fairness and equitable treatment across the organisation while protecting the rights of employees, Ceylinco Life has established the following policies and mechanisms:

- ☑ Grievance Handling Policy
- ☑ Sexual Harassment Policy
- ☑ Whistleblower Policy
- ☑ Prevention of Money Laundering
- ☑ Terrorist Financing Policy
- ☑ Anti-Corruption and Bribery Policy
- ☑ Data Protection Policy

EMPLOYEE ENGAGEMENT AND WELL-BEING

A strategic planning committee comprising five Executive Directors and eight senior staff members meet every month while weekly sales meetings take place to discuss strategy and progress. Furthermore, an initiative to generate ideas has been established for employee suggestions and creative ideas to accelerate organisational performance.

Employees at Ceylinco Life are entitled to numerous health benefits, which ensure that they receive the right benefits for being part of the country's leading life insurance company. Employees receive essential benefits that are unique to the industry and Company, such as Company Life Insurance Cover, Additional Comprehensive Life Cover, Ceylinco Life Health Insurance cover, Contributory Medical Fund, Critical Illness Retirement Cover and Employee Distress Loan Scheme, amongst others.

The work environment at Ceylinco Life thrives on industry best practices and etiquette, as it brings staff together with sporting, religious and recreational activities; these are in addition to CSR initiatives and family excursions that ensure employee engagement and work-life equilibrium; these are essential to prosper in a highly competitive and demanding industry.

The Company encourages staff members to vacate the office before 5.30 pm, ensuring work-life balance. In addition to the statutory leave entitlements, staff members are entitled to two hours of short leave per month and receive 24 hours of short leave per annum, which is subject to a maximum of 02 hours per month. The Company also provides flexibility in working hours, and employees receive 07 days of pre-planned annual leave.

FOSTERING PROGRESS AND ADVANCEMENT

In the year under review, the Company provided 18.72 hours of training per employee for 740 employees.

Training and development are essentially integrated with Reward and Recognition. Upon completion of a minimum number of training hours, each employee receives 08 continuous professional development (CPD) points, which are reflected in their KPIs and help influence pay increments, promotions and other rewards. At Ceylinco Life, a two-way approach is adopted where Heads of Department are rewarded for employee training, and employees actively seek opportunities for learning and growth by contacting individual Heads of Department with their requests.

Training Hours	F	M	Total
Functional training	9,491	2,246	11,737
Soft Skills Training	694	292	986
Workshops & webinars	939	189	1,128
Total	11,124	2,727	13,851
No of Employees	587	153	740
Average training hours per employee	18.95	17.83	18.72

APPRAISAL AND RECOGNITION

Career succession at Ceylinco Life follows a comprehensive (180-degree) performance evaluation conducted on a bi-annual basis; this includes self-assessments evaluated by respective department heads to ensure accuracy; in addition, it assesses employees' achievement of departmental objectives against corporate objectives. A computer-based HRIS assesses whether performances are aligned with KPIs through a standardised appraisal process. Furthermore, corporate goals are shared with departments and individuals, and their achievement is assessed through individual productivity and performance.

Based on the SMART concept, 70% of performance appraisal marks are allocated to job-related KPIs. Moreover, an online platform is in use to exchange innovative concepts and strategies to enhance a company's productivity.

In 2023, the Company celebrated its 35th anniversary, which became the opportunity to recognise 259 top performers and honour 214 sales force members who qualified for the Million Dollar Round Table in 2022; the event was attended by winners and their families.

Ceylinco Life Insurance



INTELLECTUAL CAPITAL

The most pertinent indicators of the Company's unequalled intellectual capital are its brand equity, IT advancements, products and trademarks and its operational and technical expertise.

Area	Progress
Brand Equity	The company's brand equity reached Rs. 3.58 Bn as measured by Brand Finance, reflecting its already strong brand recognition and adding to its unrivalled brand value.
IT Developments	<p>Deploying Rs. 137 Mn in technology the company took several measures to upgrade its existing systems (software and hardware). Such key initiatives are mentioned below.</p> <ul style="list-style-type: none"> ☑ Upgrading the Server Infrastructure to address capacity enhancements, and SLFRS requirements and align with the latest disaster recovery capabilities. ☑ Conducting certain escrow agreements on agreed locally developed software to ensure the continuity of the applications, and support business operations. ☑ Replacing and upgrading end-of-life IBM servers that support the core life insurance system. ☑ Commencing the migration of SAP S/4 Hana to a cloud platform ☑ During the year, regulatory documentation was updated to an e-format in order to improve accessibility and efficiency. ☑ A new call centre was implemented during the year. The company installed a more localised PABX solution with flexible pricing, which served to replace an end-of-life product and offer improved productivity. ☑ Sales bot initiation with the aim of supporting the sales force in responding to general sales queries, thereby improving productivity and efficiency. ☑ Adoption of Microsoft Products and Microsoft 365 platforms to enable improved collaboration within the workforce. ☑ Investments to upgrade from desktop computers to laptops, thereby improving mobility, efficiency and productivity.
Product development	☑ One new product was infused into the mix under an investment of Rs. 1.5 Mn
Finance	☑ The company has already invested in the leading enterprise-wide actuarial modelling system 'Prophet' to assist in the implementation process of the new standard.

MANAGEMENT DISCUSSION & ANALYSIS

ACCOLADES

The following accolades have accentuated the brand worth of Ceylinco Life and are instrumental in cementing the Company's market leadership. They reflect the Company's exceptional prowess in operations and technical expertise and its commitment to business growth. Moreover, they prove the Company's ability to create tremendous value for policyholders through excellent services and innovative solutions.

1. Brand of the Year – SLIM Brand Excellence

Ceylinco Life was recognised as the 'Brand of the Year' for the second year in a row and was also lauded with three other Gold Awards at the SLIM Awards in 2023. The Company was also adjudged as the 'Service Brand of the Year' for the third time, in addition to being recognised as the 'Local Brand for the Year' and the 'Agile Brand of the Year'; the latter takes into consideration, the Company's ability to maintain agility in the face of a changing external environment. In addition, the Company won the Silver award for 'CSR Brand for the Year', marking a triumph in sustainability endeavours; the Company has made strategic contributions to people and the environment and has promoted community welfare, including the construction of classroom buildings and donations, donation of essential medical equipment and free health camps, as well as the development and maintenance of High Dependency Units (HDUs) at key hospitals.

2. People's Life Insurance Service Provider of the Year – SLIM Kantar

The Company won the public's choice as the People's Life Insurance Service Provider of the Year. The award has been clinched for the 17th successive year and was awarded at the SLIM Kantar Peoples' Award ceremony in 2023. The award reflects peoples' preference towards the Company and is not determined by a panel of judges. Furthermore, it reflects popular sentiment, which the Company has secured since the inception of the awards program.

3. Best Life Insurer in Sri Lanka – World Finance

The Company won this award for the 10th successive year, awarded by World Finance. The World Finance Global Insurance Award places Ceylinco Life alongside global giants, such as Aviva (UK), Canada Life (Canada), TAL (Australia) and Swiss Life (Switzerland) and recognises the company's commitment to improving processes, efficiency and better customer service relationships. The award is the result of a stringent evaluation process based on multiple criteria, such as the underwriting procedures and their efficiency, maintenance of policies, which includes policy renewals, assessing the suitability of coverage, cost per policy, level of risk exposure, rate of client retention, duration of claim settlement, the rate of new customer acquisition and financial stability. These are in addition to premium income, market share, life fund, and company profits.

4. Excellence in financial reporting

The company was awarded the Gold for Best Presented Annual Report in the Life Insurance sector by the South Asian Federation of Accountants. Additionally, Ceylinco Life received the Silver award for our Annual Report at the TAGS Awards 2022 in the Insurance Category by the Institute of Chartered Accountants of Sri Lanka. Furthermore, we are honoured to be among the Top 10 Integrated Reports of 2022 by the Institute of Certified Management Accountants (CMA) of Sri Lanka.

5. Sustainability reporting

Ceylinco Life has been recognized for its commitment to sustainability reporting by winning the ACCA Sustainability Reporting Awards in 2023 in the 'Finance Services and Insurance category. This prestigious award, presented by the Association of Chartered Certified Accountants (ACCA), highlights its dedication to transparency and accountability in business practices.

Additionally, the company has been named one of the 10 Most Admired Companies in Sri Lanka by ICCSL/ AICPA & CIMA.

Furthermore, the company has received the Brand Finance Awards 2023 for being the Most Valuable Life Insurance Brand in Sri Lanka.



SOCIAL AND RELATIONSHIP CAPITAL

At Ceylinco Life, the primary objective is to 'derisk the future' of its clients and provide a financial buffer when life encounters certain unforeseen events. The Company achieves this by providing diversified life insurance plans, including protection, investment, retirement, and medical-oriented solutions. These solutions support policyholders and their loved ones to help achieve life goals at every stage, and over the years the Company has covered over 1 million lives by sharing this message.

In addition, the Company has changed countless lives in positive directions with its numerous community welfare activities and has provided numerous benefits to all its stakeholders. The Company also makes impactful contributions to safeguard the environment and valuable eco-systems.

OBLIGATIONS AS CITIZENRY (COMMUNITY SUPPORT)

The Company's social and relationship capital represents a good scope of community contributions, which aims to elevate the lives of hundreds of thousands of underprivileged Sri Lankans. Considering the socio-economic conditions of the nation, the reduced disposable income, increase in essentials such as food and medicine, Sri Lankans have felt a painful pinch in their day-to-day life. As a result, the Company adjusted its approach to provide protection-based policies with medical coverage for those in need and investment-based policies for those who require short-term coverage.

CSR Spending
Rs. **20.6** Mn

Ceylinco Life Insurance

Health Camp

Ceylinco Life conducted health screening camps titled 'Waidya Hamuwa' for disadvantaged communities across the island. These were aimed at providing rural communities access to healthcare while enabling the identification, treatment, and prevention of ailments.

Health Camps

10

Beneficiaries Reached

2,301

Maintenance of Five High Dependency Units at State Hospitals

Ceylinco Life has set up five High Dependency Units (HDUs) at The Lady Ridgeway Hospital Colombo, the Teaching Hospital, Jaffna, the National Hospital, Colombo, the Colombo South Teaching Hospital, Kalubowila and the Teaching Hospital, Kandy.

Patients Treated

1,973

The Company continued to take a central role in maintaining and enhancing the High Dependency Units (HDUs), which are instrumental in providing comprehensive post-surgery and recovery care. They have enabled continuous patient monitoring and specialised care for patients such as those recovering from dengue. In 2023, the Company extended its support to hospitals by replacing and repairing medical equipment, among other contributions.

Piped oxygen distribution system to Matale District General Hospital

Despite having an oxygen concentrator, the hospital did not have a proper, sustainable mechanism to supply oxygen to wards and beds. The hospital has been refilling cylinders and distributing oxygen to wards. Ceylinco Life supported the hospital in installing a distribution network by adding pipelines to extend the supply up to the wards. The company has supported to extend the supply for almost 300 beds in the hospital, most importantly the ICU. The financial investment for the project was Rs. 12.3 Mn.

Due to this endeavour, the hospital's ICU and other wards are now self-sufficient in oxygen, which has resulted in enhanced quality of treatment. Additionally, the concentrator is anticipated to operate at full capacity.

Classroom projects

The Company continued its contributions towards constructing classrooms in rural schools and also maintained classrooms

as well. In 2023, they were able to complete projects which commenced in 2022 amidst significant increases in construction materials and costs. Consequently, the Company completed a classroom in Malpotha Sri Mahinda Vidyalaya Mirihawatta - Badulla and completed a classroom in R/B/Rajawaka Maha Vidyalaya, Rajawaka, Balangoda.



Students Benefitted

173

CUSTOMER VALUE CREATION

Pranama Scholarships

In 2023, the Company presented Rs. 22.2 Mn to 152 young individuals, identified as Tomorrow's Leaders. The scholarship program of 2023 was its 22nd edition and provided a sum that was doubled when compared to 2022; the effort strived to acknowledge the impact of the economic crisis on education.



Decentralized call centre operations (Jaffna)

The Company inaugurated call centre operations in Jaffna, establishing a viable point of interaction for Tamil-speaking clientele. The strategic move to decentralize operations now

MANAGEMENT DISCUSSION & ANALYSIS

eliminates the need for relocation to Colombo, simultaneously enhancing communication with Tamil-speaking customers. With this introduction, the Company anticipates future cost reductions and enables staff to work within familiar surroundings. The call centre is operated by six individuals, four of whom oversee outgoing calls while two employees handle incoming calls.

Unique Customer Engagements – Breakfast with customers

In 2023, Ceylinco Life reached out to its valued customers through breakfast meetings organized in 16 locations, across the country. The Company was able to reach out to over 1,395 policyholders.

Medical Saver

The company launched a new product which enables to create a medical fund for the policyholder and their loved ones up to the age of 70. This solution provides life protection and medical reimbursement facilities for hospitalization throughout the term along with hospitalization benefits.

Ceylinco Family Savari

Ceylinco Life rejuvenated 'Family Savari, the Company's brainchild loyalty reward program, which provides overseas vacations to selected policyholders. The process that commenced in 2023, aims to provide 15 policyholders and their families the opportunity to travel abroad at no cost. Five families will visit Turkey, while ten families will be chosen to explore Malaysia. Furthermore, 250 policyholder families (1000 individuals) will visit the Pearl Bay Water Park at Bandaragama.



Through two draws, 265 families will be selected for the vacation opportunities. To qualify for draws, policyholders should have policies maintained with the Company or have a minimum account balance in their retirement plans during the promotional period. Customers also have additional chances to win by downloading the Ceylife Digital app.

PROCESS IMPROVEMENTS

In 2023, the Company introduced an electronic Know Your Customer (KYC) process, designed to enhance security, boost efficiency and precisely achieve customer authentication. In addition, it is expected to fortify regulatory compliance for customer identification. The system uses advanced methods to authenticate customer identity, thereby reducing risks related to fraudulent activities. The new method is expected to improve customer experience by deploying remote verification through mobile devices and computers; it will expedite customer onboarding and reduce verification time from weeks to minutes.

The Company's additional excellence in service can also be seen through its comprehensive management system with SLAs. The company strives to resolve all its complaints within 7 working days and beyond the 7th day mark, complaints are escalated to the higher management. If the customer is dissatisfied with the mechanism or resolution of the complaint, they can approach the insurance ombudsman for an alternative solution.

Furthermore, Ceylinco Life has installed many feedback mechanisms for customers, such as the policy anniversary feedback forms, service level feedback inquiry when visiting a branch or customer complaint resolutions to name a few. In addition, the company also relies on data analytics to identify customer trends; further, it is able to propose cross selling and up selling offers through data mining.

ENHANCED SERVICE EXPERIENCE

Undertaking another approach to enhanced customer experiences, Ceylinco Life constructed several buildings to relocate its Ja-ela, Minuwangoda, Matugama and Matala branches in 2023. These Four properties are equipped with environmentally friendly features.

DIGITAL INTERACTION POINTS (TOUCHPOINTS)

To increase accessibility, Ceylinco Life has provided multiple touchpoints for policyholders, of which branches in main towns take centre stage. In addition, other touchpoints include the customer hotline, a website chatbot named Ceylena, WhatsApp and social media platforms such as Facebook, Instagram and LinkedIn.

COMMUNICATION

With the completion of 35 years in the industry, the Company understood the need to appeal to the next generation of customers, namely the children of our policyholders. Therefore, created a campaign to reflect the brand's relevance to the next generations through the "next generations video. This was executed through the social media platforms of Ceylinco Life.

Ceylinco Life Insurance



Scan the QR code to watch the next generations video



PARTNER RELATIONS

The Company committed to distributing and sharing financial value amongst its external stakeholders, including business partners and service providers, during the year under review.

The Company also maintained its commitments to internal stakeholder sales agents. The Company's sales agents increased during the year by 71 to 2,939 agents while the number of MDRT qualifiers increased to 302 in 2023 (2022: 161).

Stakeholder	Value distributed
Sales agents	✓ Rs. 2.2 Bn - Commissions paid
	✓ Rs. 55.8 Bn – Spending on training and development
Regulators	✓ Rs. 2.6 Bn - Direct taxes
	✓ Rs. 75 Mn – Levies, fees and charges
Suppliers	✓ Rs. 2.6 Bn - Payments



NATURAL CAPITAL

Investment in Green Initiatives

Rs. **511** Mn

Green building investments

Rs. **80.5** Mn

At Ceylinco Life, environmental sustainability has intertwined into operational conduct and has been prioritised to create a positive impact on the environment and natural resources. The Company has adopted responsible practices across its operations and has initiated specific projects to safeguard the integrity of the natural environment. Moreover, to ensure that the Company's

sustainability focus functions in line with corporate goals, the Board guides the Sustainability Committee to act in accordance.

GREEN CLUB – RAISING AWARENESS

During 2023, employees participated in several projects that raised environmental sustainability and awareness.

Green Club projects	No. of Participants
Reforestation at Balangoda	40
Osu Uyana at Ruwanwella MV	8
Beach Clean-up at Mattakkuliya	90
Home gardening at CMB & Nelliady	30
Sustainability Champion for all employees	500
e-waste campaign at Head Office	75
Total	743

Green initiatives

The four new buildings (Ja-ela, Matale, Minuwangoda and Mathugama) constructed in 2023 have been adapted to eco-friendly building concepts. The building at Minuwangoda used the precast construction method to minimise timber consumption and serves as a model for the business community in reducing their respective carbon footprint. Each branch is powered by solar power installations and fitted with a backup system to reduce reliance on the national power supply.

The buildings are optimised to make the best use of natural light and illumination and deploy energy-efficient artificial lighting and power-efficient air conditioning systems. Additionally, the Company has set an annual carbon-reduction target of 5%, and in 2023, a 9.33% reduction has been attained - an accomplishment of monitored and controlled paper, energy and fuel usage.

Environmental Conservation and Restoration

Reforestation of 10 Acre Rainforest Land

Ceylinco Life has embarked on an initiative to restore and preserve 10 acres of deteriorated rainforest in Balangoda. A project that is part of the Company's CSR efforts will run across five years with a value of Rs 5.7 Mn. The project is done in partnership with the Rainforest Protectors of Sri Lanka – a non-profit environmental organisation.

The initiative focuses on planting 10,000 trees in the Rajawaka Forest Reserve, which has suffered damage due to human-induced fire. The objective is to restore the forests' ecosystem, improve water resources, reduce fire eruptions, enhance soil richness and restore habitats for pollinator colonies. Additionally, the project will pursue creating awareness amongst the local

MANAGEMENT DISCUSSION & ANALYSIS

community on conservation and creating long-term carbon benefits. Trees planted will include 50 different native species from the region.



The project is part of a broader agenda to transform branches into eco-friendly operations. At present, over 30 branches are solar-powered and designed to reduce environmental impact.

Organic Cultivation

The Company initiated a pilot programme to encourage and reward students for cultivating and nurturing 50 herbal plants.

Beach Clean-Up Programme

A beach clean-up programme took place on 10th February 2024 at Crow Island Beach Park with the participation of 90 employees.



3Rs and Waste Management

Paper Consumption and Related Waste

To reduce paper consumption during proposal submissions, the Company has enabled electronic submissions to customers. Additionally, digital documentation and processes

are enabled through SMS temporary receipts, electronic underwriting, and e-correspondence ensuring that limited paperwork is generated across the Company's operations.

E-waste

All e-waste is disposed of ethically via accredited third-party recyclers. The company conducts an annual campaign to collect e-waste from within the organisation and from employees' homes. During the last campaign conducted in 2023, a total of 330 Kg of e-waste was collected.



Food waste

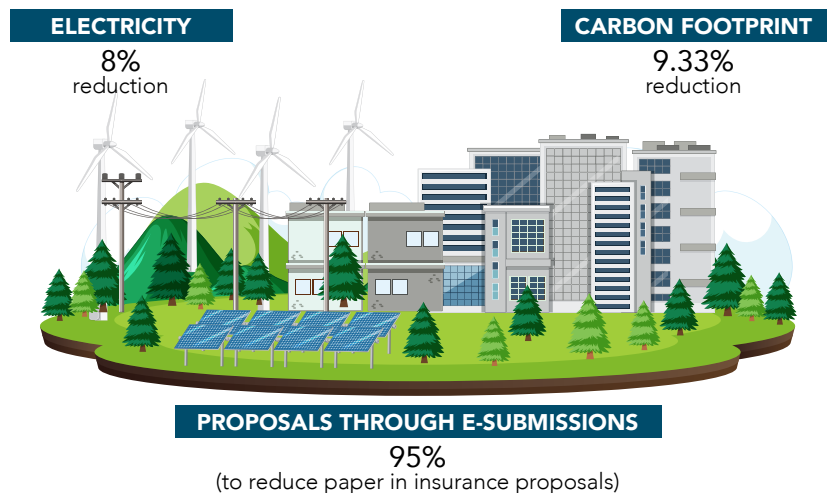
The Company separates its food waste daily to ensure that it is disposed of separately from dry waste. Any such waste is responsibly disposed of via Local authorities.

Ceylinco Life has a project to discard all redundant archived documents and e-waste. Savings from the respective projects are as follows:

Savings	Projects	
	e-waste	Paper waste
Carbon emission	780 lbs	11,735 Kgs
Trees saved	111	200
Plastic bottles	6,170	
Oil		20,602 ltrs
Electricity		46,956 kWh
Water		373,065 ltrs
Land fill		35 Cubic Mtrs

Energy and Emissions

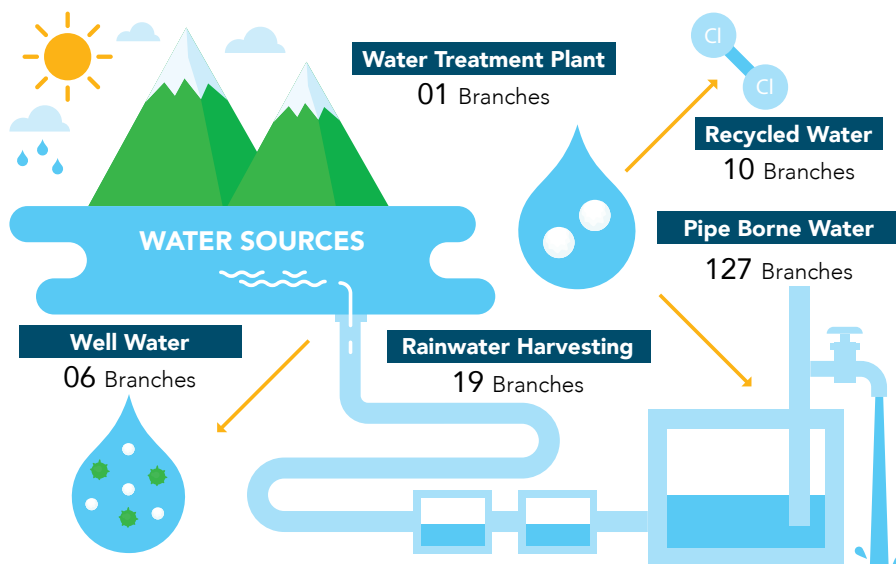
The Company has achieved reductions in electricity consumption, carbon footprint and paper consumption through concentrated efforts.



Ceylinco Life Insurance

Water and Energy Conservation

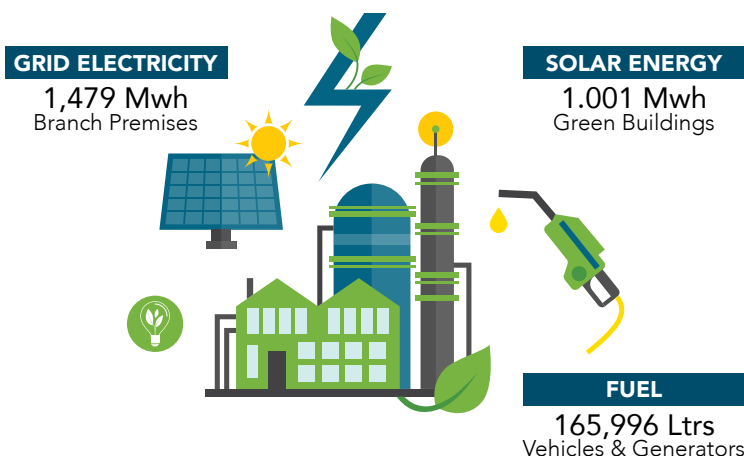
The Company deploys multiple mechanisms to conserve water and use it sparingly. 10 branches have taken dedicated measures to recycle water and 19 branches conduct rainwater harvesting. However, all 127 branches also use pipe-borne water.



Rainwater Harvesting	
2,926,000 Litres harvested	Rs. 438,900 Saved
Water Recycled	
1,171,500 Litres recycled	Rs. 175,725 Saved

The Company's use of energy comes in the forms of grid electricity, solar-generated power and fuel used for vehicles and generators.

ENERGY CONSUMPTION



Carbon Footprint

Ceylinco Life measured and reported on its GHG emissions for the 4th consecutive year using the ISO14064-1: 2018 standard. All GHG emissions were reported as tonnes of CO2 equivalent (tCO2e).

Period: 1st January 2023 - 31st December 2023

Assessment Boundary: Ceylinco Life Insurance Limited covering the head office, 128 branches island-wide, No 70-Park Street and the Holiday Bungalow at Nuwara Eliya.

The assessment was conducted in line with the globally renowned Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (GHG Protocol), developed in partnership with the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) and in compliance with the Carbon Disclosure Project (CDP). The GHG Protocol and the CDP both provide standardised guidelines related to the scope and boundary of measurement, quantification and reporting standards.



GREENHOUSE GAS VERIFICATION OPINION
Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Ceylinco Life Insurance Limited
Ceylinco Life Tower, No.106, Havelock Road, Colombo 05, Sri Lanka
complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CF/0211
Date of Issue : 07.03.2024
Period of Assessment : 01.01.2023 – 31.12.2023
Selected Boundary : Operationally controlled business operations of Ceylinco Life Insurance Limited (including Head office, 128 branches island wide, No 70- park street and holiday bungalow at Nuwara Eliya)

Direct GHG Emissions : 321 tonnes of CO₂ equivalent
Indirect GHG Emissions : 2,769 tonnes of CO₂ equivalent
Total GHG Emissions : 3,090 tonnes of CO₂ equivalent



ISO 14064
GHG 001-01
Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 07.03.2024 – 31.03.2025
Emission: GHG Emission from development transportation.
*Materiality threshold is base 5%.

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Sector Review:

Education



CEG Education Holdings (Pvt) Ltd., the education arm of Ceylinco Insurance PLC, comprises a diversified portfolio of institutions that provide formal education from the primary tiers to higher education. The portfolio includes some of Sri Lanka's most renowned educational facilities, which have academically nurtured some of the best and brightest students in the country. The CEG's institutions are internationally recognised pre-schools and secondary schools owned and managed by veterans and industry professionals.

CEG Education Holdings (Pvt) Ltd. continued to offer a wide range of opportunities to aspiring learners. The group enables students to acquire knowledge in critical sectors, such as Information & Technology, Business, Engineering, Natural Sciences,



Psychology and Law. The Group provides a solid foundation for Graduate and Post-graduate students and is an investment to nurture their professional growth and performance and to shape the country's future progress.

ANC EDUCATION

For over two decades, ANC Education has provided education to young learners and budding professionals. Apart from being the largest US-based education provider in Sri Lanka, ANC education is also the largest transnational education provider and has placed thousands of students in some of the world's best universities.

ANC Education provides opportunities for local students to physically study in US

and Canadian universities and has thus far facilitated thousands of students to receive their dream education in multiple overseas destinations. Certified with ISO 9001:2015, this Institute's medical student placement arm is one of the most preferred placement entities in the country with academic affiliations to medical universities in the USA, UK, Germany, Canada, Australia, India, Malaysia, Russia, etc.

At ANC, students receive the opportunity to follow foundation and higher diplomas offered by ANC, accepted by Australian, Canadian and British universities and allow students to complete degree programs in these respective countries. Moreover, students have the chance to select their vocation from a wide range of disciplines. Students have the alternative



of completing their US degrees offered by ANC in Sri Lanka. Moreover, British university partners enable students to complete Bachelor's and Master's degree programs in Sri Lanka.

INTERNATIONAL COLLEGE OF BUSINESS & TECHNOLOGY LTD (ICBT CAMPUS)

Established in the year 1999, the ICBT campus provides multiple globally accredited and highly demanded programs. Its comprehensive portfolio includes Certificate-level programs, Diplomas, Higher Diplomas, pre-university foundation programs, Undergraduate programs and Masters level programs. Disciplines of study include Business, Engineering, Technology and Sciences, offered in affiliation with top British and Australian Universities and Education Institutions. Presently, 18,000 students follow programs for various qualifications; ICBT has thus far produced over 65,000 alumni.

ICBT is listed in the Association of Commonwealth Universities. Moreover, the institution is certified with ISO 9001:2015, and in 2020, ICBT received approval from the Ministry of Education to provide Degrees in Sri Lanka. ICBT has been recognised with several highest national and international accreditations for educational excellence. The Campus has received recognition as the best higher education institution in Sri Lanka at the National Business Excellence Awards (NBEA) since 2012, awarded by the National Chamber of Commerce Sri Lanka.

The leading private-sector higher education institute in Sri Lanka, ICBT's full-time staff includes over 350 academics and multi-departmental professionals. The visiting faculty includes over 500 academics and professionals.

The institute's Colombo 4 campus is a state-of-the-art facility with branches in Kandy, Matara, Galle, Nugegoda, Kurunegala, Jaffna, Batticaloa and Gampaha. The institute is now expanding its presence, which includes a modern nine-story building in Kurunegala, currently under construction and plans for a five-story building in Matara.



WYCHERLEY INTERNATIONAL SCHOOL COLOMBO

One of the longstanding international schools in Sri Lanka, Wycherley International School was founded in 1985. The academic institute follows the Cambridge Curriculum and is the first and only comprehensive centre for Cambridge Education from Years 1 to 13 and has achieved a quality of educational excellence that is on par with global standards.



The building that houses the school has tremendous historical value, as it was built in 1922, and is considered a 'heritage building'. Despite the rising cost of construction, the School has commenced construction on the first phase of a six-story building to preserve the existing structure and will be ready for use in the first quarter of 2024.

WYCHERLEY INTERNATIONAL SCHOOL GAMPAHA

Located in Gampaha, the school was formally known as the Regent International School. Situated in the suburb of Gampaha, was inaugurated in 2001 and renamed as Wycherley International School Gampaha. The school now stands as a fully equipped international school with classes from Nursery to Advanced Level. Wycherley International educates students based on the Cambridge curriculum and is an independent Cambridge exam centre.

WYCHERLEY INTERNATIONAL SCHOOL DEHIWALA

The school is the third Wycherley International School to be established in Colombo with education based on the Cambridge curriculum and is an independent Cambridge exam centre. A fully-fledged Cambridge school, it caters to students from UKG (year 1) to Advanced levels. The school has also acquired high acclaim for its strong soccer team. Moreover, the school is an independent Cambridge exam centre. School facilities include up-to-date libraries, laboratories, and basketball and netball courts to provide a world-class education and a wide range of extracurricular activities.

ANC MODERN MONTESSORI INTERNATIONAL (MMI)

The institute is the culmination of an extended collaboration between ANC and Modern Montessori International (MMI, London). MMI has an extensive geographical reach of 100 preschool and teacher training centres in 16 countries,

MANAGEMENT DISCUSSION & ANALYSIS

with 12 located in Asia; this makes MMI one of Asia's leading preschool education providers. Founded in Singapore in 1989, MMI has received the 'Top Brand' award amongst preschools in Singapore.

The MMI learning system is a distinct educational model that aims to stimulate and nurture a child's curiosity towards learning, thereby developing their cognitive skills, physical growth and emotional well-being.

ANC Modern Montessori International (MMI) operates from 3 locations, namely: Colombo 05, Dehiwala and Kotte. The institute has envisioned an increase in its locations within the island, with aspirations to educate the country's budding generations.

ALETHEA SCHOOL

Established in 1928 by Mrs Katharin Hapugalle, Alethea School has a 95-year-old rich heritage and history and was overseen by the Hapugalle family till its takeover by CEG in 2022 December.

Alethea is a Government-approved private school, licensed to coach students from pre-grade to advanced level with education provided in all three languages. As part of its expansion strategy, the school has envisioned the inclusion of five new locations to its institutional portfolio.

CEC EVENTS (PVT) LTD

CEC Events organises numerous and wide-ranging mega-events in Colombo and major cities island-wide. In addition, it provides key services such as research, planning, marketing, promotions, stall constructing, photography and all other pre and post-event activities. However, the company was substantially affected by COVID-19, as large gatherings for exhibitions were not allowed; this was further exacerbated by the Economic crisis. Nevertheless, the Company has performed extremely well in 2023.

NET ASSIST INTERNATIONAL

Established in 2020, NetAssist International is a well-recognised institute that provides consulting and training services in IT. It is a

BOI-approved project offering advanced IT training and globally recognised certifications at affordable costs.

Affiliated with VUE Authorised Test Centre, NetAssist facilitates online exams for Microsoft, Oracle, Cisco, CIW, VMware, CPA Australia, Red Hat, EMC, Novel, HP ITIL and Kryterion. NetAssist is also recognised by Microsoft as a Gold Certified Partner for learning solutions; it has also received the award as Best Learning Partner for several consecutive years. Furthermore, NetAssist is also an authorised education centre for Sri Lanka and Maldives.

OPERATIONAL RISKS

The sector withstood the following operational risks by adopting proactive risk mitigation actions. Some concerns were specific to the year under review, which arose in light of the recent economic and social trends within the country.

Risks	Mitigation action
Shortage of qualified academic staff members in specialist areas mainly due to skilled migrations.	<ul style="list-style-type: none"> ☑ The sector is seeking to recruit suitably qualified academic staff from neighbouring countries. ☑ Plans to introduce staff development programs to retrain suitable staff members in specialised areas. ☑ New scholarship and staff support policies are in place to encourage junior academic staff members to pursue Masters and PhD specialisations.
Possible changes in government legislation related to internationally franchised private higher education provision	☑ ICBT has obtained institutional approval as a degree-awarding institution under the Ministry of Higher Education of Sri Lanka. Furthermore, ICBT is in the process of introducing several degree programs with UGC approval. ANC is in the process of doing the same.
We are currently offering franchised degree programs. There is a risk of partner university policy and strategic direction changes affecting ongoing partnerships.	<ul style="list-style-type: none"> ☑ This risk is mitigated by maintaining multiple university partnerships and having a good rapport with the top management of partner universities. ☑ Discussions underway between sector companies and new University partners to introduce new degree programs.
The impact of the Pandemic/Epidemics and events like Strike and Riots where institutions were forced to close temporarily.	☑ Develop further online delivery platforms and train staff to deliver programs digitally with the permission of partner Universities.
Delays in royalty payments to university partners, due to the present Dollar crisis in Sri Lanka.	☑ We negotiated with relevant Banks and partner Universities for students to pay the royalty, as they are small amounts when paid individually, alternate to bulk payments by the Institution.

Education

Chairman's
Reflections

Dear stakeholders of Ceylinco Insurance PLC, I am pleased to present my reflections on the year under review. The Education sector remained resilient and witnessed growth amidst several industry shifts and macroeconomic headwinds. Amidst external divergences, CEG Education Holdings (Pvt) Ltd. continued to uphold its commitment to fuelling the educational aspirations of thousands of students.

SECTOR REVIEW

In recent years, the Sri Lankan education sector suffered from the repercussions of the COVID-19 pandemic and collided further with headwinds from the economic and political turmoil. Delays in the ordinary level and advanced level exams by the government disrupted the continuance of academia. As a result, there is an increasing preference towards opting for paths expedited by the private sector and a rising inclination towards following studies overseas in countries such as Canada, Australia, the UK, and Europe. Moreover, the economic crisis has also prompted students to explore new career pathways in line with the international job market.

Due to the recent economic and political crises, thousands of students have left the country in pursuit of

overseas higher education placements, which positions them closer to permanent migration. Students' preferred destinations include Australia, New Zealand, the USA, the United Kingdom, Russia, East European countries, East Asia and China. Conversely, some students wish to remain in the country due to financial constraints that limit them from overseas education – that opts for degree completions within the homeland or transfer programs to foreign universities. As a result, students continue to enrol in foreign-affiliated degree programs provided by local higher education academies.

Furthermore, the local job market continues to adapt to technological advancements, which sets an increasing demand for graduates with relevant skills in technical subjects, such as AI, Data Analytics, Digital Marketing, and Augmented Reality. This need for a workforce with new-age skills has prompted the government and private institutions to introduce relevant subjects to the curriculum. To appease this demand, private higher education academies can introduce rapidly emerging subjects and courses by partnering with well-reputed partner universities.

THE BROADER SECTOR

Within the postgraduate market sector, state and private higher education institutes have a ready stream of students to attract: an outcome of paid state-sector post-graduate qualifications and the plethora of qualifications in various disciplines offered by such institutions. Nearly all postgraduate studies are followed by young working professionals, who prefer following programs during weekends and evenings. Moreover, the industry holds immense potential to draw international students, especially those interested in following globally reputed yet cost-effective alternatives than travelling to countries of partner universities. However, most foreign students exited the country following the 2019 Easter bombings while the pandemic became a hindrance to their return.

Within this backdrop, Sri Lanka needs to revisit its visa policies to facilitate

inbound student migration to the country. Moreover, there is also the vision and need for state involvement in transforming Sri Lanka into the next 'education hub', which will elevate the nation's gross reserves and help pacify foreign exchange issues.

The CEG Group of companies is positioned at a great advantage, as we enjoy a combined market share of over 65% within the Postgraduate market. The Group offers a plethora of British MBAs and other Masters programs in disciplines such as Information Technology, Psychology, Business Management, Engineering and Law, to name a few areas of studies.

GROUP FINANCIALS

The Group surpassed all challenges to record an improved turnover of Rs. 4.6 Bn, which surpassed that of the previous year (2022: Rs. 3.7 Bn). The Group recorded a profit before tax of Rs. 1.8 BMn, followed by a PAT of Rs. 1.4 Bn for the year under review. Total Group assets amounted to Rs. 12.9 Bn as of the end of the financial year, 2023.

CSR ENDEAVOURS

Corporate Social Responsibility continued to be an essential component of the academic life at CEG higher education institutions. Raising funds for CSR initiatives and the implementation of such projects have become integral to the academic curriculum of first-year degree students.

APPRECIATION

I take this opportunity to convey my appreciation to the higher leadership of the CEG group and the top management of each subsidiary within the sector. Having taken timely and pragmatic decisions, you have steered your companies towards success amidst the myriad of routine challenges you face as executive decision-makers.

I also thank all our stakeholders, including students, faculty, partner universities and service providers, and well-wishers for placing your confidence in the group's capabilities.

MANAGEMENT DISCUSSION & ANALYSIS

Capital Management Review

INTERNATIONAL COLLEGE OF BUSINESS & TECHNOLOGY LTD (ICBT CAMPUS)



FINANCIAL CAPITAL

Managing financial capital at ICBT involves a comprehensive approach to forecasting, budgeting and best practices in financial management. The Institute ensures that funds are prudently allocated to support various operational requirements and strategic objectives. Infrastructure development utilises a significant amount of such funds, which comes through sources such as fees, event income and investment income. The Institute strictly adheres to regular audits and discloses compliance with financial regulations, ensuring operational viability while enhancing its capacity to provide better educational services.

In the year under review, ICBT achieved a profit before tax of Rs. 1 Bn, crossing the one billion rupee mark, for the first time in its history. This is a 49.5% increase from the previous year's PBT of Rs. 710 Mn. The Institute marked a profit after tax of Rs. 878 Mn compared to Rs. 696 Mn recorded in 2022; this shows a 26% increase between the two financial years. This improvement comes despite an operational expenditure of nearly Rs. 1.9 Bn, when compared to Rs. 1.5 Bn marked in the preceding financial year.

From a strategic standpoint, the Company's approach to revenue and student growth hinged on leveraging the after A/L Higher diploma market segment. Each year, the higher education sector gets a fresh infusion of potential candidates as college entrants, with a substantial proportion seeking private education instead of state education. From a macroeconomic standpoint, the country's lagging economic conditions diminished students' ability to make timely and full payments to enrolled private institutions. Additionally, the significantly

higher exchange rate (especially of GBP) and the country's foreign exchange liquidity concerns, intensified the situation to a concerning extent.

Students enrolled in Postgraduate programs faced a similar concern due to rising taxes. However, all these challenges were resolved prudently through timely discussions and prudent actions by the institutions and the students. The Group negotiated for favourable fee structures with UK partner universities and for scholarships to alleviate students' financial concerns.

Consequently, revenue exceeded Rs. 2.6 Bn during the year under review while surpassing the previous year's revenue of Rs. 2.1 Bn. The increase is recorded as 26%. Investment income rose by 64% during the period under review to Rs. 353 Mn, against Rs. 216 Mn recorded in the previous year.

In the year under review, the Institute incurred a capital expenditure much below the previous year's expenditure of Rs. 1.4 Bn; it was recorded as Rs. 492 Mn. The institute's total assets amounted to nearly Rs. 8 Bn, when compared to Rs. 7 Bn recorded in the previous financial year.



HUMAN CAPITAL

The Institute acknowledges that employees are its most valuable resource. In the year under review, the Campus has taken well-rounded approaches to create a vibrant learning atmosphere and to enable them to reach their highest potential.

STAFF GROWTH AND DEVELOPMENT

The ICBT team has expanded to 360 full-time staff members, representing a notable increase from the 300 employees at the beginning of the year. This growth reflects the institute's dedication to strengthening the workforce and enhancing the institutional capacity to deliver high-quality education and support services.

Furthermore, the commitment to continuous learning and professional development is evident in the investment

in training and upskilling staff. Through various programs and opportunities, it strives to equip employees with the knowledge, skills, and resources necessary to excel in their roles and contribute meaningfully to the company's collective success.

FACULTY ENGAGEMENT AND EXCELLENCE

In addition to ICBTs dedicated full-time staff, ICBT Campus is privileged to collaborate with over 500 visiting faculty members who bring a wealth of expertise and industry experience to the academic programs. These esteemed educators play a crucial role in enriching the learning experience of the students and ensuring the relevance and rigour of the curriculum.

ICBT is committed to fostering a supportive and inclusive environment that values the contributions of the faculty members and provides them with opportunities for professional growth and recognition. By nurturing a culture of excellence and innovation, ICBT empowers the faculty to inspire and shape the next generation of leaders and change-makers.

STUDENT-CENTERED GROWTH

At the heart of its human capital development efforts is an unwavering commitment to students' success and well-being. ICBT's mission is to provide high-quality educational programs, together with internationally reputed Universities and Educational Institutes; this will improve the calibre of human resources accessible in the job markets, thus fostering economic growth. ICBT is pleased to report a significant increase in the student population, with 18,000 currently enrolled students an impressive rise from 13,000 at the beginning of the year.

This growth not only reflects the growing demand for quality higher education but also underscores the trust and confidence that students and their families place in ICBT Campus as their preferred academic institution. As ICBT continues to expand its offerings and enhance the student experience, it remains steadfast in its commitment to providing accessible, affordable, and transformative education opportunities for all.

Education

ICBT Campus remains dedicated to nurturing and developing its human capital staff, faculty, and students to drive excellence, innovation, and positive impact in the field of higher education. The Group is confident that ICBT's continued investments in human capital development will position it for continued growth, success, and relevance in the years to come.

Key Performance indicators

- ☑ Permanent full-time staff growth from 300 to 360
- ☑ Engagement of over 500 faculty members and industry experts
- ☑ Student numbers - growth from 13,000 to 18,000



MANUFACTURED CAPITAL

The Institute oversaw several strategic developments in the year under review; these were undertaken to fulfil expansion and growth through infrastructure development.

NEW CAMPUS FACILITY IN KURUNEGALA

In the pursuit of excellence and expansion, ICBT Campus embarked on a significant venture during the past year by initiating the construction of a new purpose-built campus facility in Kurunegala costing 1 Billion rupees and marks a milestone in its growth trajectory. This undertaking underscores the institution's commitment to providing state-of-the-art infrastructure to support its educational mission and strategic objectives. Spanning an impressive 50,000 square feet, this nine-story building is envisioned to serve as a vibrant hub of learning, innovation, and community engagement in the region.

The facility is meticulously designed to cater to the evolving needs of students, faculty, and staff, with modern amenities, cutting-edge technology, and flexible learning spaces. From well-equipped classrooms and laboratories to collaborative workspaces and recreational facilities, every aspect of the new campus is being thoughtfully crafted to foster an enriching and conducive environment for teaching, learning, and research.

By expanding its physical footprint and enhancing its facilities, ICBT Campus aims to accommodate growing student enrollments, facilitate innovative pedagogical practices, and create a conducive environment for academic excellence and personal growth. The new campus in Kurunegala will not only serve as a centre for education but also as a catalyst for economic development and social progress in the region.

STRATEGIC OUTLOOK AND FUTURE EXPANSIONS

In addition to the development of the new campus facility in Kurunegala, ICBT Campus is pleased to announce the acquisition of land and building and the commencement of preparations for a new campus in Matara. The procurement of land and buildings for the Matara campus represents a forward-thinking investment in the institution's future growth and sustainability. With plans underway for a purpose-built facility tailored to the unique needs of the local community, ICBT Campus is poised to strengthen its presence in Matara and provide accessible, high-quality education to students in the Southern Province.

As the institution continues to expand its physical infrastructure and educational offerings, it remains dedicated to upholding the highest standards of academic excellence, innovation, and student success. The new campuses in Kurunegala and Matara exemplify ICBT Campus's unwavering commitment to advancing education, empowering communities, and shaping a brighter future for all.

- ☑ Key Performance Indicators - Total investment over Rs. 1.5 Bn



INTELLECTUAL CAPITAL

ICBT Campus stands at the forefront of intellectual capital advancement, offering an extensive range of over 50 diplomas, Higher Diploma, Undergraduate degrees, and Masters programs across diverse disciplines. These programs not only cater to the educational needs of students but also serve as platforms for nurturing critical thinking, innovation, and academic excellence.

STUDENT RESEARCH PROJECTS AND ACADEMIC ENGAGEMENT

At ICBT Campus, a culture of inquiry and exploration is cultivated, empowering students to undertake research projects that address contemporary issues and contribute to the expanding body of knowledge within their fields. Under the mentorship of esteemed faculty members, students are encouraged to develop research skills, formulate hypotheses, and conduct empirical studies that yield valuable insights and discoveries.

Simultaneously, the institution's academic staff is actively involved in research endeavours, conducting pioneering studies and publishing scholarly works in renowned journals. Their research outputs not only enhance the academic standing of the ICBT Campus but also foster intellectual advancement and innovation in their respective areas of expertise.

ANNUAL INTERNATIONAL RESEARCH SYMPOSIUM

A highlight of ICBT Campus's intellectual capital initiatives is the Annual International Research Symposium, a premier event that attracts scholars, researchers, and academics from across the globe. Through collaboration and participation of international university academics, this symposium serves as a platform for knowledge exchange, interdisciplinary dialogue, and cross-cultural engagement.

The symposium showcases cutting-edge research across various disciplines, facilitating collaboration and networking opportunities among attendees. By promoting the dissemination of research findings and fostering intellectual discourse, ICBT Campus reaffirms its dedication to intellectual capital advancement and the pursuit of academic excellence on an international scale.

In short, the ICBT Campus is committed to advancing intellectual capital through a comprehensive approach that covers student research projects, academic engagement, and global collaboration. Through a vibrant research culture and promising intellectual inquiry, the institution empowers students and faculty members

MANAGEMENT DISCUSSION & ANALYSIS

to contribute significantly to scholarship, innovation, and societal progress.

Key performance indicators

- ☑ Over 1000 research dissertations at Masters level
- ☑ Research Symposium attracts nearly 200 industry experts and researchers publishing nearly 100 papers



SOCIAL AND RELATIONSHIP CAPITAL

ICBT Campus places significant emphasis on cultivating and strengthening its social capital a vital component of the institution's fabric. The social capital of ICBT encompasses the relationships, networks, and connections that exist within its immediate community and beyond, contributing to collective resilience, innovation, and impact.

COMMUNITY ENGAGEMENT AND COLLABORATION ENHANCED THROUGH CSR

ICBT Campus recognises that social capital encompasses not only the connections it fosters but also the tangible impact it makes within the communities it serves. As an integral part of its commitment to social capital enrichment, the institution has woven Corporate Social Responsibility (CSR) activities into the fabric of student learning, providing meaningful avenues for engagement, collaboration, and social change.

CSR initiatives serve as a platform for students to actively engage with the wider community, applying their knowledge and skills to address real-world challenges and drive positive transformation. Through strategic partnerships with local organisations, government bodies, and non-profit entities, ICBT Campus facilitates collaborative projects that harness the collective expertise and resources of all stakeholders.

By integrating CSR activities into the curriculum, extracurricular programs, and student-led initiatives, the institution fosters a culture of civic responsibility and community engagement among its students. These experiences enrich their

educational journey while cultivating empathy, compassion, and social awareness that extend beyond academic pursuits.



ALUMNI ENGAGEMENT AND NETWORKS

ICBT Campus recognises the integral role of its alumni in its social capital, as ambassadors, mentors, and advocates in the wider world. The institution is dedicated to maintaining strong connections with its alumni community, providing ongoing support, networking opportunities, and lifelong learning resources to facilitate personal and professional growth.



Through alumni reunions, networking events, and online platforms, ICBT Campus fosters meaningful connections and knowledge sharing among its graduates, nurturing a sense of belonging and continuity beyond graduation. These relationships enrich the lives of individual alumni and contribute to the vibrancy and resilience of the institution's ecosystem.

Key performance indicators

- ☑ Over 100 CSR activities carried out throughout the year
- ☑ Several collaborative partnerships through various organisations and engaged in Social and Human capital enrichment activities throughout the country



NATURAL CAPITAL

At ICBT Campus, there is a steadfast commitment to the responsible stewardship of natural capital, recognising its fundamental importance in sustaining ecosystems, supporting life, and enriching human experiences. As stewards of the environment, the

Education

institution is dedicated to integrating principles of sustainability into its operations and decision-making processes, ensuring the preservation and enhancement of natural resources.

WATER CONSERVATION

Water conservation is a core focus of sustainability initiatives at ICBT Campus. Rainwater harvesting systems have been installed in campus buildings, enabling the capture and utilisation of rainwater for irrigation, flushing, and other non-potable uses. This initiative reduces reliance on municipal water sources and minimises the institution's environmental impact.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

ICBT Campus demonstrates its commitment to reducing its carbon footprint through energy efficiency measures and investments in renewable energy. Solar power generation systems have been implemented on campus, harnessing sunlight to produce clean, renewable electricity and advancing sustainable energy practices and environmental stewardship.

WASTE MANAGEMENT AND RECYCLING

Responsible waste management practices are integral to sustainability efforts at ICBT Campus. Comprehensive waste reduction, recycling, and composting programs are implemented to minimise the environmental footprint, and by diverting waste from landfills and promoting recycling practices, the institution conserves resources and reduces pollution.

ENVIRONMENTAL EDUCATION AND ENGAGEMENT

Environmental stewardship is embraced as a shared responsibility, and initiatives are undertaken to foster awareness, knowledge, and action on environmental issues among the campus community. Environmental education programs, workshops, and outreach activities empower students, faculty, and staff to become advocates for sustainability, driving positive change within the institution and beyond.

In summary, natural capital stewardship lies at the core of ICBT Campus's sustainability ethos. Through collective efforts, the institution strives to create a campus environment that nurtures human well-being and ecological resilience, embodying a commitment to a sustainable future for all.

Key performance indicators

- ☑ Power saving of 600kw per day with solar-powered electricity generation

WYCHERLEY INTERNATIONAL SCHOOL

Initiated in 1985, Wycherley International School is a renowned educational institution in Sri Lanka. One of the oldest international schools in the country, the school has now branched into three locations, including its main location in Colombo 7 and Gampaha. In 2023, the school expanded its network by acquiring Alethea International School in Dehiwala, marking it as the third and most recent addition to its branches. The Senior School in Colombo 7 offers a comprehensive learning experience in a co-educational setting.



Since its acquisition, the school has undergone, significant transformations; with technological adoptions that have redefined students' learning experiences and processes; furthermore, the school now focuses increasingly on educating elementary children and people with special educational needs. In addition to the existing infrastructure, the school in

Dehiwala has integrated a new learning and experience centre. A unit has been established to cater to students with special needs and unique learning requirements. Furthermore, the school has set up an activity centre for the children of working parents, offering a secure and engaging environment that promotes overall well-being and safety. The presence of the mentioned amenities, along with a holistic and inclusive learning environment, gives a competitive edge over the rapidly emerging ad-hoc schools in the district.

Each of Wycherley's three schools follows a similar four-division structure: Elementary School (Play Group to Grade 2), Primary School (Grade 3 to Grade 5), Junior School (Grade 6 to Grade 8), and Senior School (Grade 9 to Grade 12). Each division is tailored to meet the educational requirements of students at different academic levels.

The school takes pride in its long-standing tradition of academic excellence. It has been at the forefront of implementing the Cambridge Pathway programs and qualifications in Sri Lanka since 2009. The school boasts a 100% pass rate at Cambridge Examinations, with a large number of students achieving A & B Grade Passes at O/Levels and A/Levels. These achievements underscore the school's dedication to shaping future leaders through a globally recognised educational experience. The school has initiated steps to expand the capacity in its Gampaha branch, while the new modernised building nears completion in the Colombo branch.

From a financial standpoint, the school has achieved a commendable rise in its profit after taxation, amounting to Rs. 212 Mn for the year under review. This is a 65% increase from the previous bottom line of Rs. 129 Mn. The rise reflects the growth in revenue of Rs. 285 Mn to Rs. 866 Mn from Rs. 581 Mn reported in the previous financial year. Revenue includes a Rs. 24 Mn investment income, which has dropped in comparison to the income of Rs. 48 Mn from the preceding financial year. The total assets of the school network have expanded to Rs. 3.4 Bn, surpassing Rs. 2.1 Bn from the previous financial year; the increase can be attributed to Rs. 1.3 Bn capital expenditure expended in the year under review.

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Sector Review:

**POWER AND
ENERGY**

The power and energy sector is represented by a cluster of hydro and solar power plants, which power a certain portion of the nation's energy demands. The hydropower plants are, namely; Rajjammana, Kumburuthaniwala, Loggal Oya Phase 1 & Phase 2. The Group's 4 Solar Power Projects, are EGHL Mathugama and EGHL Galle, each producing 2 MW of power - adding to 4 MW. The hydropower and solar power plants generate 18 MW.

The sector has been in operation since 2003 and now commands 6 operational projects, which supply 4,96 GWh of total energy. The aforementioned projects belong to three subsidiaries, namely, Ceyhydro Developers Pvt Ltd, Energy Generators (Pvt) Ltd and Ceypower Cascades (Pvt) Ltd.



Power and Energy Sector has been in operation since 2005 and has operated under the leadership of Mr. Upali Witharana, since its inception. Across the past 20 years, the sector has surpassed numerous industry challenges and operational milestones to become a stable entity in the power sector of Sri Lanka. Energy Lanka Holdings Ltd (ELHL) owns shares of several subsidiaries, which manage the aforementioned projects. These subsidiaries include Ceyhydro Developers located in the Badulla district, which operates one hydroelectric power plant and Ceypower Cascades which has developed a 2.4 MW hydropower plant in BelihulOya, Ratnapura.

Hydro Power Plants	COD	Capacity (MW)
Kumburuthaniwala	Oct 2005	2.4
Loggal Oya Phase 2	July 2008	4.0
Rajjammana	May 2013	6.0
Loggal Oya Phase 1	Dec 2017	1.6
TOTAL HYDRO		14
Solar Power Plants	COD	Capacity (MW)
EGHL Mathugama	Sept 2019	2.0
EGHL Galle	Sept 2019	2.0
TOTAL SOLAR		4.0

The Company ensures that all plant designs have minimal environmental impact by recreating the surrounding greenery immediately after construction to preserve the natural environment.

CED's Reflections



I am immensely satisfied with the Group's performance during the fiscal year, as we rebound from our cashflow concerns by resolving delayed payments from our principal customer. Moreover, we exceeded optimum power generation during the year through our hydropower plants, while our solar power projects achieved a commendable level of power generation.

In the year under review, the sector performed satisfactorily, despite several externally-induced conditions. The four hydropower plants logged performances that were well above target levels. Kumburuthaniwala (2.4 MW) achieved 113% of its expected performance. Loggal Oya Phase 1 (1.6 MW) surpassed expectations by achieving 131%. Loggal Oya Phase 2 (4 MW) performed at 100% capacity. Rajjammana recorded the highest performance, reaching 124% (6 MW). The Solar Power Projects, EGHL Mathugama (2 MW), achieved 92% of its energy target, while EGHL Galle (2 MW) achieved 89% of its target. The deviation occurred primarily from the inclement weather conditions and the cloud cover after August 2023.

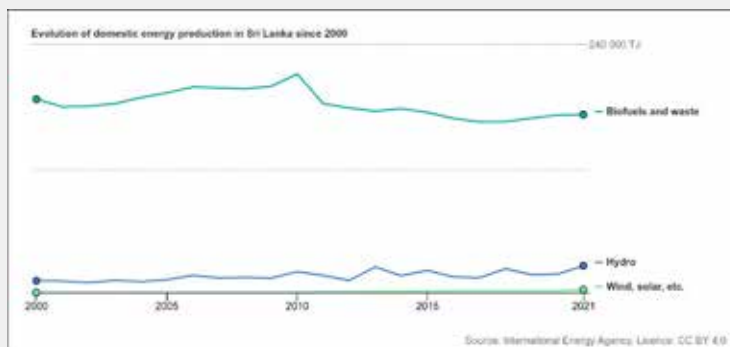
From an overall perspective, the group achieved over 100% of its energy

generation target based on full capacity while our solar powered targets reached 90% during the year.

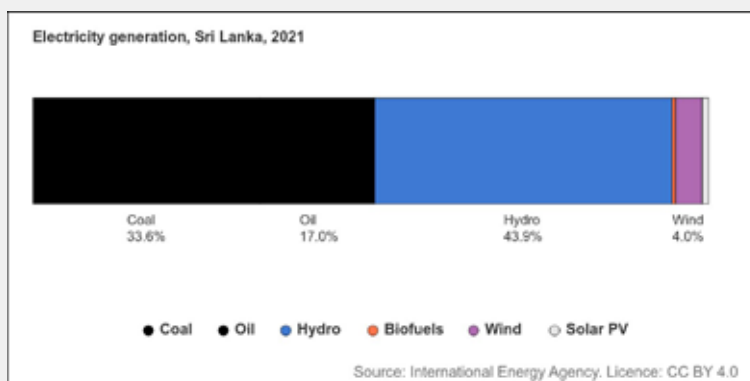
EXTERNALLY DRIVEN IMPACTS

Before I recount the macroeconomic environment within which we operated in 2023, I would like to present certain factors about the energy sector to better comprehend the context that exists. As of the end of 2022, Sri Lanka's energy demand amounted to 14,150 GWH, with an increase of 4.9% expected in the next two decades. However, this possibility could be impeded by high energy prices, which will likely curb demand. Moreover, Sri Lanka is highly dependent on imported non-renewable energy sources such as oil and coal, with much of our foreign reserves expended on energy imports.

Nevertheless, according to 2021 figures by the International Energy Agency, 43% of the country's energy supply (energy produced or imported minus the exported and stored energy) the comes from oil, followed by 35.2% from biofuels and waste, another 16 % from coal and 5.3% from hydro.



Domestic energy production was represented by 86% biofuels and waste, 12.9% hydro and 1.4% wind, solar and etc. Moreover, from total electricity generation, 44% is produced through hydropower, 34% is done through coal usage, and another 22% is generated through oil while the remainder comes from biofuels, wind and solar PV.



In 2023, we saw some of our concerns dissipate as the country's power generation returned to normalcy amidst some tough efforts by the Government. Back in 2019 and up until mid-2022, the country experienced power outages partially due to a shortage in fuel to power thermal power plants to generate adequate power; this eased in 2023, while the fuel crisis compelled the Government to expedite several actions, including an amendment to the Electricity Act in 2022. Moreover, through CBSL interventions, the foreign exchange stabilised despite appreciating significantly, and with recent developments, such as the IMF bailout agreement, increasing foreign worker remittances and tourism revenue, the country's gross official reserves have

MANAGEMENT DISCUSSION & ANALYSIS

improved, easing the foreign currency shortage, which created turmoil in 2022. Moreover, overturning the previous blunders, the state established cost-reflective tariffs and fuel prices, laying the groundwork for the stability of the sector.

In 2023, another concern was the privatisation and unbundling of CEB and the ramifications of re-negotiating the Power Purchase Agreements (PPAs) under new ownerships. While this is a crucial reform to effectuate autonomy and improve CEB's efficiency, there are concerns surrounding their ability to meet supply volumes and credit and payment risks. Therefore, monitoring negotiations will be crucial to anticipate the direction of privatisation and to evaluate the new stakeholders. Engaging in the unbundling process of the Ceylon Electricity Board (CEB) is the only credible means of securing the interests of Renewable Energy (RE) developers. In this regard, engaging and collaborating with industry stakeholders, and advocating a strong and supportive regulatory framework to protect RE interests will be some suitable mechanisms.

The renewable energy sector was burdened by delayed payments from CEB, which was directly felt in 2022 and 2023. However, with the electricity tariff hike, CEB improved its cash flow, which became a much-needed respite for renewable energy companies that faced bankruptcy in 2023.

As the nation grapples with the constantly elevating cost of living, escalating electricity costs have added to the woes of thousands of financially burdened businesses and individuals. The profound effect of higher energy costs warrants low-cost energy alternatives that will not only unburden our economy but will address future energy crises and provide viable solutions to combat climate change. Such alternatives will help the country recover from foreign debt while making better use of green energy sources.

Global warming-induced climate change, including extreme weather

patterns, has compelled energy sector stakeholders to take caution about its effects; unpredictable rainfall is one such occurrence which has created caution within the hydropower sector as well as prolonged periods of dry weather. Rising surface temperatures continue to be a cause for concern, which raises concerns and propels us towards finding solutions to be better custodians of planet Earth.

SECTOR PERFORMANCE

All plants had a relatively smooth run in the period under review with no major breakdowns. The country, especially the central mountainous regions received adequate rainfall during most of 2023, resulting in the above-target generation of hydropower. However, certain early-scheduled maintenance and replacement activities for hydropower plants, such as Rajjamma, were postponed in 2023. Such delays have now been prioritised to take place before May 2024, as any delays cannot be further substantiated. All plants have a well-maintained inventory of spare parts backed by 24-hour technical services available across the year to ensure continued power generation.

Our main concern was a substantial delay in obtaining payments from CEB for delivered energy. The delay crossed over 13 months as of January 2023. However, we witnessed a positive turnaround as the consumer electricity tariff rose by nearly 400 per cent from August 2022 to February 2023; this reduced the payment gap to 3 months by December 2023 as CEB's cash flow became reinforced.

OUTLOOK

The privatisation of the Ceylon Electricity Board (CEB) is a much-anticipated change, as we expect the Government to continue the process till its realisation. We anticipate that by 2026 CEB will undergo a transformation in its modus operandi, where its efficiency and credibility will ensure the sustainability of the country's electricity sector.

As a signatory to the Paris Agreement, Sri Lanka is committed to fulfilling 70 per cent of its electricity generation from renewable sources by the end of 2030. However, despite having satisfactory

rainfall we have fallen behind, having reached only 40 per cent of the target. There is a need to integrate 3000 MW of power from renewable sources in the next six years to reach this goal, which requires extensive commitment from Government authorities. Above all, the country needs better transparency and an effective mechanism to integrate more renewable energy into the national grid; this will require a strong voice in favour of renewable energy sources and a competitive bidding process to procure the necessary capacities, sustainably and integrally.

We are also exploring possibilities to develop solar and hydropower plants in Uganda and Zambia; this will enable us to cater to global energy demand in territories that have greater demand to resolve power shortages and with a significant need for low cost renewable energy.

Importantly, we have embraced bolder targets to add another 100MW of solar and clinch a market share of 10% in the Government's plan for a new 1500 MW of utility scale solar up to the year 2030.

APPRECIATION

I appreciate the efforts of our power sector team to meet the targets and maintain a healthy fleet of plants whilst ensuring continued operation. I also thank the Group executive and strategic leadership for having confidence in the sector's ability to surpass challenges and maintain sound financial and operational growth.

POWER AND ENERGY



MANUFACTURED CAPITAL

The power plants belonging to the sector, its equipment and physical assets represent the stock of its manufactured capital. The four hydropower plants and ground-mounted solar power projects of our three subsidiaries share a capacity of 19 MW, which is generated through an infrastructure built with substantial investments. Furthermore, the stock of physical assets includes a massive inventory of spare parts to ensure that plants encounter minimal breakdowns throughout the year. The Group anticipates manufactured capital to grow in the coming years as they expand to other geographical locations within and outside Sri Lanka.

Furthermore, the Group have not incurred any capital expenditure on acquiring new physical assets during the financial year. By maintaining caution in significant capital expenditure, they were able to preserve financial capital in light of cash flow concerns related to delayed customer payments. Total assets of the Group totalled Rs. 3.5 Bn, with Rs. 2.2 Bn belonging to Energy Generators and Rs. 1 Bn to Ceyhydro Development; assets of Ceypower Cascades amounted to Rs. 271 Mn.

Capital Management Review

The Group adopted a balanced approach to managing financial capital while making a pragmatic infusion of funds to enable the continuity and growth of employees, physical assets, knowledge capital, and use of natural resources. Given the rising cost of living and delayed payment receipts, we adopted prudence and restraint in significant outflows and operational expenditures.

FY 2023	Ceypower Cascades (Pvt) Ltd	Ceyhydro Developers (Pvt) Ltd	Energy Generators (Pvt) Ltd
Capacity	2.4 MW	5.6 MW	6 MW
Profit (after tax)	Rs. (32) Mn	Rs. 88 Mn	Rs. 145 Mn
Revenue	Rs. 50 Mn	Rs. 393 Mn	Rs. 496 Mn



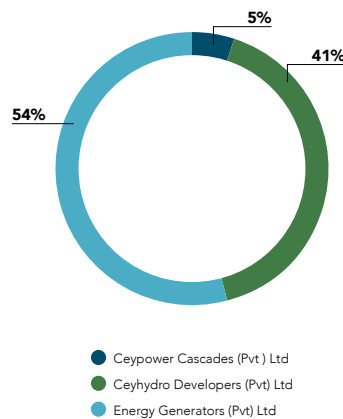
FINANCIAL CAPITAL

From a consolidated view, the Group incurred a profit after tax of Rs 193 Mn. Energy Generators (Pvt) Ltd made the highest contribution to the Group's profitability, followed by Ceyhydro Developers (Pvt) Ltd. Ceypower Cascades (Pvt) Ltd. in the year under review. The Group's profit experienced an increase when compared to the profit of the 2022 financial year.

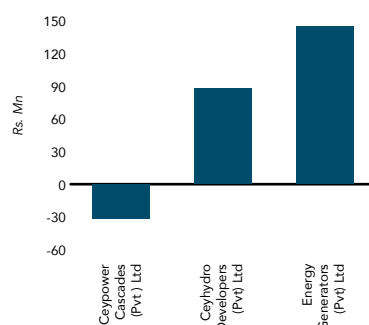
The bottom line was determined by a combined revenue of Rs. 939 Mn, of which 52% was from Energy Generators (Pvt) Ltd and 41% from Ceyhydro Developers (Pvt) Ltd. The total revenue has increased by 78% compared to Rs. 525 Mn secured in the previous financial year.

For the financial year ended 31st December 2023, the Group made a total tax contribution of Rs. 121 Mn, mainly Rs. 43 Mn incurred by Ceyhydro Developers and Rs. 73 Mn by Energy Generators. In the year, the sector spent Rs. 540 Mn on operational and production expenditure, with Energy Generators having the highest expenditure from all subsidiaries.

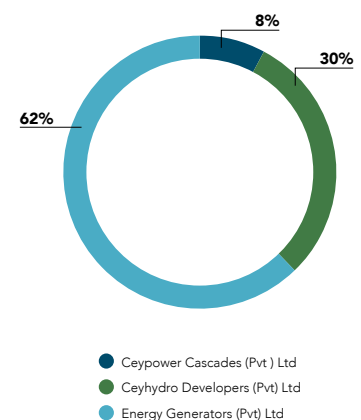
Revenue Contribution



Profit After Tax



Total Assets



MANAGEMENT DISCUSSION & ANALYSIS

POWER AND ENERGY



INTELLECTUAL CAPITAL

The Group amplified the knowledge and skills of its employees by diversifying into roof-top solar power generation. This adds to their already extensive technical knowledge and operational acumen. During the year, they achieved process efficiencies as a result of refreshing the knowledge of maintenance staff. Moreover, training has contributed to improving efficiency and achieving optimal power generation under the best possible levels of productivity and the least amount of deviations or disruptions.

By enhancing intellectual capital through training, the Companies have directly elevated the knowledge of employees; this in turn has contributed to improvements in efficiency and better management of company resources and has set off a positive reaction on financial capital.



HUMAN CAPITAL

The sector recognises that its employees are the driving force behind value creation. They are the most invaluable asset that ensures the success and expansion of operations within the energy sector, and their expertise, skills as well as capacity to grow are critical to sustainability. During 2023, the sector took actions to develop their skills, knowledge and capitalised on their experiences for the betterment of operations; actions to enhance their capabilities, included workshops, training and participation in exhibitions etc.

Apart from training and development, the sector looks into their financial well-being through several provisions: these include a three-month annual bonus, cost of living allowance to all payments, health and personal accident insurance and recreational activities to promote work life balance. In 2023, the group incurred a total of Rs. 131 Mn in staff-related expenses.



SOCIAL AND RELATIONSHIP CAPITAL

Across the year, the sector maintained strong stakeholder relations, ensuring open communication and commitment to expectations. They maintained cordial relations with the principal buyer, the Ceylon Electricity Board (CEB) and worked towards reducing delays in obtaining payments for supplied energy.

Communication remained a crucial determinant in ensuring mutual understanding of expectations. As a result, meetings and phone correspondence facilitated a continued exchange of information. A dedicated team ensured that information was shared with CEB on request.

In addition, the sector remained committed to making timely payments to all suppliers and maintained appropriate communication to convey requirements and ensure timely procurement. Through mutual need identification, the Group ensured suppliers received due financial value for services rendered to all subsidiaries.

In terms of social contributions, the sector invests to improve the lives of underprivileged individuals; this is a vital aspect of how the sector makes impactful changes in the local communities where we operate. Families within these communities have numerous needs as they are strained by the nation's high cost of living and loss of livelihoods; therefore, the aforementioned investment was allocated between several projects to uplift the community.



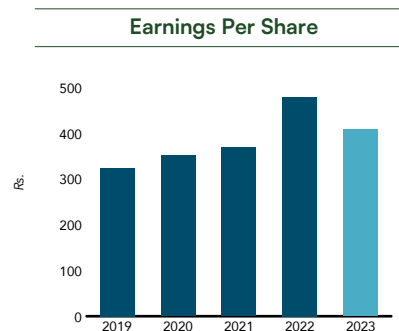
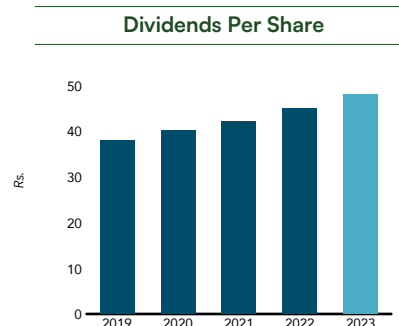
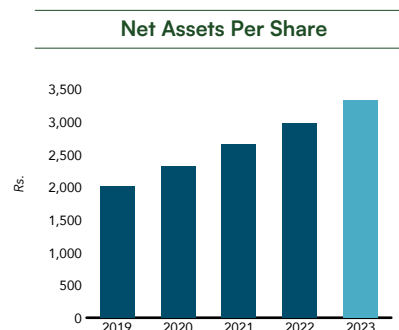
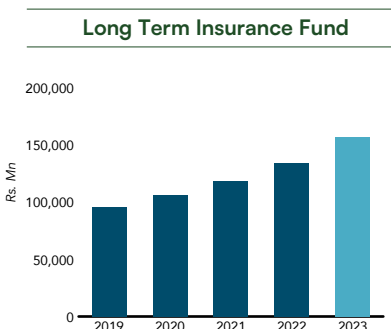
NATURAL CAPITAL



The power and energy sector has an unmistakable impact on natural capital, as the industry relies on utilising the earth's stock of assets, such as water and fossil fuel. The sector's has an impact on the land due to natural resource extractions in addition to an impact on water due to hydro powered energy generation, apart from some impact on the air and the environment that surrounds power plants. Due to renewable energy generation, their work contributes to sustainable energy generation to a certain extent. Nevertheless, in increasing positive contributions, the sector continued tree planting programs at all hydro and solar sites. In the year, the companies planted and nurtured 100 trees.

SHARE INFORMATION

	31-Dec-23	31-Dec-22
Net Assets Per Share		
Book Value	3,334	2,976
Earnings		
Earnings Per Share	408	479
P/E (Voting)	6.0	4.7
P/E (Non-Voting)	2.0	2.1
Dividends		
Interim & Final Dividend	48.00	45.00
Share Price (LKR)		
Voting		
High	2,696.25	2,680.25
Low	1,951.75	1,800.00
Last Transaction	2,450.00	2,249.50
Non-Voting		
High	1,189.75	1,525.00
Low	811.00	900.00
Last Transaction	820.00	1,026.75
Share Trading		
Voting		
No. of Transactions	791	752
No. of Shares Traded	195,936	132,051
Value of Shares Traded (LKR Mn)	446.03	266.48
Non-Voting		
No. of Transactions	3,521	1,152
No. of Shares Traded	552,507	279,343
Value of Shares Traded (LKR Mn)	477.91	359.15
Days Traded		
Total No. of Market Days	242	231
Voting		
No. of Days Traded	159	150
% of Market Days Traded	66%	65%
Non-Voting		
No. of Days Traded	203	169
% of Market Days Traded	84%	73%
Market Capitalisation		
Voting		
Value (LKR Mn)	49,000	44,990
% of Market	1.15%	1.17%
Non-Voting		
Value (LKR Mn)	5,260	6,586
% of Market	0.12%	0.17%
Price Movements		
CSE ASPI Index	10,654.16	8,489.66
S&P SL20 Index	3,068.36	2,635.63
CINS.N0000	2,450.00	2,249.50
CINS.X0000	820.00	1,026.75



GOVERNANCE



CORPORATE GOVERNANCE

Ceylinco Insurance PLC is led by an efficient and committed Board, which is accountable for the long-term success of the Group. The Board has collective responsibility for the supervision, direction, and performance of the Company and its subsidiaries, ensuring due regard is paid, always, to the interests of its stakeholders. The detailed governance structure ensures the Board has the right level of oversight for matters that are material to the Company.

The Board has overall responsibility for establishing the Company's purpose, values, and behaviours. The culture in which we operate supports the delivery of our strategy and our long-term sustainable achievement while creating value for shareholders.

The delegation of authority gives a clear direction on decision making, ensuring that decisions are taken at the right level of the business by the members best placed to take them. Each decision taken aligns with our culture and values and considers the benefits, the risks, the financial implications, and the impact on the relevant stakeholders. The Board, with the support of its Sub Committees, places great importance on ensuring we achieve a high level of governance across the Group. This supports the Board when delivering its strategic goals and meeting its key performance indicators.

The Board has ultimate responsibility for ensuring adequate resources are available to meet agreed goals and strategy. It ensures such resources are reliably and effectively deployed. Having the right systems and controls across the Group facilitates effective management and sound decision making. This is essential to our governance structure. Efficient internal reporting, effective internal controls, and oversight of present and emerging risk themes are implanted into our business processes, which align with our strategy, purpose, and culture.

The Board is committed to maintaining the highest standards of corporate governance in the management of its affairs. The Board recognizes that it is accountable to all stakeholders for ensuring that the Group is appropriately managed and achieves its objectives in a way that is supported by the right

culture and behaviours. The Board monitors culture in several ways, through Board and sub-committee management reporting, our employee engagement forums, capability plans, and monitoring of progress made on our diversity and inclusion strategy and targets.

The Board believes that understanding its stakeholders and what matters to them is key to its success. With the skills, expertise, and commitment of the entire staff, we have a culture which is well placed to achieve our goals. The Board receives detailed reports on a wide variety of areas to allow it to assess the culture within the Company, to ensure it is aligned with our purpose and always supports the delivery of the strategy. Through staff, customer and service provider activities, the Board and senior management analyse the results and develop action plans for improvements.

Operations of the Ceylinco Insurance PLC is governed by the Companies Act No.7 of 2007, and subsequent amendments thereto, the Continuing Listing Requirements of the Colombo Stock Exchange and the voluntarily adopted Code of Best Practice on Corporate Governance jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

BOARD OF DIRECTORS

In keeping with the commitment to the principles of integrity and transparency in business operations for good governance, the Company's policy is to have an appropriate blend of Executive, Non-Executive, and Independent Directors to maintain the independence of the Board and to separate the Board functions of governance and management.

In fulfilling its stewardship role, the Board has provided strategic direction to the development of short-term, medium, and long-term strategies which are aimed at long-term sustainability of the Company and the Group.

BOARD BALANCE AND ACTIVE ENGAGEMENT

The Board has agreed on a clear division of responsibilities between the running of the Board and running the business

of the Group. The responsibilities of the Chairman/Chief Executive Officer, Executive Directors, Senior Independent Director, and other Directors are clearly defined so that no individual has unlimited powers over the Board's decision making on business activities.

The Chairman/Chief Executive Officer is responsible for the effective leadership of the Board, setting the agenda, ensuring its success, and maintaining a culture of openness and clarity at Board meetings. The Chairman/Chief Executive Officer also promotes effective communication between Executive and Non-executive Directors and ensures all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge. Further, he ensures all Directors receive accurate, timely and clear information to assist them in making their decisions.

Executive Directors bring in diverse expertise with in-depth knowledge of the businesses and implement a comprehensive system of internal controls to safeguard shareholders' investment and the Company's assets. Executive Directors have established a process for identifying, evaluating, and managing the significant risks faced by the Company and the Group.

The Non-executive Directors bring independent insight and experience to the Board. They have a responsibility to constructively challenge the strategies proposed by the Executive Directors; scrutinize the performance of management in achieving agreed goals and objectives; and play leading roles in the functioning of the Board Committees, bringing an independent view to the discussion.

As at 31st December 2023, the Board had six Executive Directors, six Non-Executive Directors and four Independent Non-Executive Directors. In the opinion of the Board, all the Independent Directors are independent from the management and satisfy the criteria of independence as defined under the Companies Act No.7 of 2007 and the Listing Regulations. The Executive Chairman/Chief Executive Officer and the other five Executive Directors provide strategic direction and leadership to the Company and the

CORPORATE GOVERNANCE

Group. The Non-executive Directors have a responsibility to fruitfully challenge the strategies proposed by the Executive Directors; and examine the performance of management in achieving agreed goals and objectives. In addition to that, the Board, through the Nomination Committee reviews the composition of the Board on an ongoing basis.

EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER

The Chairman/ Chief Executive Officer has effective leadership responsibility and day-to-day responsibility for the effective management of the Group and for ensuring that Board decisions are implemented. He plays an executive role in devising and reviewing Group strategies for discussion and approval by the Board. The Chairman/ Chief Executive Officer is also tasked with providing regular operational updates to the Board on all matters of significance relating to the Group's businesses or reputation, and for ensuring effective communication with shareholders and other key stakeholders.

The functions of Chairman & Chief Executive Officer are vested in one person due to the diversity and scale of operations of the Group and the Board is of the view that this is the most appropriate arrangement for Ceylinco Insurance PLC. The Board has also appointed Mr. D.H.J. Gunawardena as Senior Independent Director to facilitate board balance and ensure effective engagement with Non-Executive Directors.

SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director provides a sounding board for the Chairman and acts as an intermediary for the Non-executive Directors. Mr. D.H.J. Gunawardena functions as the Senior Independent Director and in addition to that, Mr. R. Renganathan functions as Non-Executive Deputy Chairman to provide an effective mechanism to maintain the balance of the Board. The Senior Independent Director is available to shareholders should they have any concerns where communication through normal channels has not been successful or where such channels are inappropriate. The Senior Independent Director meets

with the Non-executive Directors to facilitate board balance and ensure effective engagement in Board activities.

BOARD APPOINTMENTS

Board appointments are accompanied in a formal and transparent manner, as determined by the Nomination Committee which assesses the Group's strategic demands as well as the skills and competencies of the Board. The Board considers the recommendations of the Nomination Committee and proposes suitable candidates for appointment or re-election by the shareholders at the Annual General Meeting under the scrutiny of the Nomination Committee. Appointments of new Directors are communicated to the Colombo Stock Exchange and shareholders through an announcement.

BOARD CHANGES

There have been a few changes to the Board composition during the year. Mr. H.D.K.P. Alwis was appointed as an Executive Director/Chief Operating Officer with effect from 01st January 2023. Further, Mr. U. Witharana was appointed as an Executive Director/Chief Financial Officer with effect from 01st January 2023.

As announced on 06th December 2023, Mr. K.I. Dharmawardena, a member of the Board, passed away. On behalf of the Board, we are grateful to him for his outstanding contributions and commitment to the Board and Sub Committees. We would like to express our gratitude to Mr. K.I. Dharmawardena for his insights and invaluable contribution during his time on the Board and Sub Committees.

In December 2023, we welcomed Mr. K.P. Ariyaratne as an Independent Non-Executive Director, who brings a wealth of knowledge and experience to the Board.

BOARD MEETINGS AND ATTENDANCE

Board meetings are scheduled early and duly informed to the Directors at the beginning of each calendar year. Six Board meetings were conducted during the year. Clear guidelines and processes are defined and communicated to ensure the effectiveness of each Board

meetings. In addition to these scheduled Board meetings, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

The Chart sets out details of Directors' attendance at the Board meetings and Sub-Committee meetings held during 2023, together with individual attendance on page 86 of this annual report.

BOARD COMMITTEES

The Board has delegated specific functions to several Sub Committees to assist in the discharge of its duties. The mandate of each committee is formulated in formal Sub Committee Charters. When determining committee composition, the Board considers relevant regulations, the skills and experience of its members and the responsibilities of the Sub Committee. Chairmen of the Sub Committees are responsible for the effective functioning of Committees.

The committees' composition and areas of oversight activities for the year 2023 were given in each Sub Committee report.

BOARD INTERACTION WITH SHAREHOLDERS

The extent and scope of the Group's operations require engagement with a diverse and extensive network of internal and external stakeholders. In the accomplishment of its governance obligations, the Board drives a broad approach that balances the regularly conflicting interests of all stakeholders. We strive to upbring mutually-value adding, reflective interactions with all stakeholders. It signifies shareholder engagement as a vital tool to gain insights into shareholder expectations, interests, and preferences, which may influence the Company's future strategic direction.

The Board of Directors values the information rights of all shareholders and is committed to the practice of balanced, transparent, and timely disclosure. The Annual General Meeting provides shareholders with the opportunity to share their views and to meet the Board, including the Chairman of the Board committees and members of

Key Management Personnel. Further Company's external auditors are also present at the Annual General Meeting to answer shareholders' questions.

DIRECTORS' REMUNERATION

The Remuneration Committee determines the remuneration of the Chairman/Chief Executive Officer and the

Executive Directors and sets guidelines for the remuneration of the management staff within the Group. The Board as a whole determines the remuneration of the Non-Executive Directors who receive a fee for being a Director of the Board and an additional fee for being a member of a committee. Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their

role, taking into consideration market practices. The report of the Remuneration Committee is presented on page 79.

The remuneration of Directors of the Company and Group is disclosed under key management personnel compensation in note 47 to the Financial Statements on page 200.

STATEMENT OF COMPLIANCE

Compliance with the rules on Corporate Governance and the mandatory requirements with respect to Board Committees as specified in the Listing Rules of the Colombo Stock Exchange and the level of compliance maintained by the Company are analysed below.

Rule No:	Subject	Requirement	Complied	Reference within Report	Page
7.10.1	Non-Executive Directors (NED)	At least 2 or 1/3 of Directors, whichever is higher, should be NEDs	Yes	Board Composition	212
7.10.2 (a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, shall be "independent".	Yes	Board Composition	212
7.10.2.(b)	Independent Directors (ID)	Each NED is to submit a declaration of his/her independence or non-independence.	Yes	Board Composition	212
7.10.3 (a)	Disclosure of Directors	The names of Directors determined to be independent should be disclosed in the Annual Report. (AR)	Yes	Board Profiles	15
7.10.3 (b)	Disclosure of Directors	The basis for the Board's determination of ID, if the criteria for independence are not met.	Yes	Report of Directors	85
7.10.3 (c)	Disclosure of Directors	A brief resume of each Director with the areas of expertise should be included in the AR.	Yes	Board Profiles	15
7.10.3 (d)	Disclosure of Directors	Provide a brief resume of the new Director appointed to the CSE.	Yes	Report of Directors	85
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee.	Yes	Remuneration Committee Report	79
7.10.5 (a)	Composition of Remuneration Committee	The Remuneration Committee shall comprise Non-Executive Directors or the majority of whom shall be independent.	Yes	Remuneration Committee Report	79

CORPORATE GOVERNANCE

Rule No:	Subject	Requirement	Complied	Reference within Report	Page
	Composition of Remuneration Committee	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Yes	Remuneration Committee Report	79
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the Remuneration of the Executive Directors.	Yes	Remuneration Committee Report	79
7.10.5 (c)	Disclosure relating to the Remuneration Committee	The annual report should set out: The names of Directors comprising the Remuneration Committee A statement of remuneration policy The aggregate remuneration paid to Executive and Non-Executive Directors.	Yes	Remuneration Committee Report	79
7.10.6	Audit Committee (AC)	A listed Company shall have an Audit Committee	Yes	Audit Committee Report	77
7.10.6 (a)	Composition of Audit Committee	The Audit Committee shall comprise Non-Executive Directors or majority of whom shall be independent.	Yes	Audit Committee Report	77
		One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board.	Yes	Audit Committee Report	77
		The Chairman or one member of the committee should be a member of a recognized professional accounting body.	Yes	Audit Committee Report	77
		The Chief Executive Officers and Chief Financial Officers shall attend Audit Committee meetings	Yes	Audit Committee Report	77
7.10.6 (b)	Functions of the Audit Committee	Confirmation of functions of the Audit Committee is in accordance with the rules.	Yes	Audit Committee Report	77
7.10.6 (c)	Disclosure relating to the Audit Committee	The names of the Directors who comprise the Audit Committee	Yes	Audit Committee Report	77
		The Audit Committee should make a determination of the independence of the auditors and shall disclose the basis for such determination.	Yes	Audit Committee Report	77

Rule No:	Subject	Requirement	Complied	Reference within Report	Page
		A report by the Audit Committee setting out the manner of compliance of the functions during the period.	Yes	Audit Committee Report	77
7.10.7	Disclosure relating to the Audit Committee	In the event a listed entity fails to comply with any of requirements contained in Rule 7.10 of these Rules, such entity shall make an immediate announcement to the Market via the exchange on such non-compliance, not later than one market day from the date of non-compliance.	Yes	Not Applicable	
9.2.1 & 9.2.3	Related Party Transactions Review Committee (RPTRC)	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report	80
9.2.2	Composition of RPTRC	Composition of the Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report	80
9.2.4	Functions of RPTRC	Related Party Transactions Review Committee Meetings	Yes	Related Party Transactions Review Committee Report	80
9.3.1	Disclosure relating to RPTRC	Immediate Disclosures	Yes	Not Applicable	
9.3.2 (a)	Disclosure relating to RPTRC	Disclosure- Non-recurrent Related Party Transactions	Yes	Not Applicable	
9.3.2 (b)	Disclosure relating to RPTRC	Disclosure- Recurrent Related Party Transactions	Yes	The company being holding, Company has dividend income from related parties, which is disclosed on page 200, even though it is below 10% of the revenue of the group.	
9.3.2 (c)	Disclosure relating to RPTRC	Report by the Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report	80
9.3.2 (d)	Disclosure relating to RPTRC	A declaration by the Board of Directors	Yes	Related Party Transactions Review Committee Report	80

REPORT OF THE SENIOR INDEPENDENT DIRECTOR

The Board of Directors comprises 6 Executive Directors and 10 Non Executive Directors, 4 of whom are independent. The Directors are senior professionals drawn from their respective disciplines who can use their independent judgement in exercising their responsibilities on matters of strategy, resource allocation, risk management, compliance and standards of basic conduct. The Board is dedicated towards safeguarding the interests of the shareholders and maintaining the highest standards of corporate governance in line with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange (CSE).


The Board is collectively responsible towards ensuring the success and long-term sustainability of the company whilst adding value to the interests of shareholders and policy holders. The directors are also mindful of the Company's social responsibilities as evident from the numerous activities and benefits to society which is mentioned elsewhere in this report. The Board Subcommittee reports are circulated to the Directors and pertinent matters are discussed at Board Meetings.

The Executive Chairman/Chief Executive Officer plays a key role in devising and reviewing group strategies for discussion and approval by the Board. The Senior Independent Director (SID) supports the Executive Chairman/Chief Executive Officer in ensuring compliance with the rules, regulations and best practices expected by the regulatory bodies referred to above. The CSE has been informed that the Board has unanimously concurred that the combined role of the Executive Chairman and Chief Executive Officer has been beneficial for the effective administration of the company in order to achieve the best results for shareholders and it does not compromise the values of good corporate governance.

Appropriate steps have been taken to comply with the amendments to Section 9 of the Listing Rules of the CSE which came into effect on 1st October 2023. Arrangements have been made to increase the number of Independent Non Executive Directors on the Board to replace those who will be losing their independent status, having exceeded the age of 70 years by 30th September 2024. In keeping with the amendments to the Listing Rules, the Board Subcommittees are also being reconstituted so that the required number of Independent Non Executive Directors will serve on these subcommittees. All other requirements of the new Section 9 of the Listing Rules will also be met by the stipulated date of 1st October 2024.

The Board Nominations Committee has recommended an evaluation process for Directors and the Executive Chairman/CEO which will be deliberated by the Board and implemented in the year 2024.

Ceylinco Insurance PLC operates in the best interest of all its stakeholders, and it is committed towards maintaining a high standard of corporate governance. Going forward, I am convinced of the company's ability to create sustainable value into the predictable future.



Mr. D.H.J. Gunawardena
Senior Independent Director

12th March 2024

BOARD AUDIT COMMITTEE REPORT

OBJECTIVE

The primary objective of the Committee is to provide oversight responsibility for the Company's financial reporting system, monitor compliance with legal and regulatory requirements, assess the effectiveness of the control environment and ensure the objectivity and independence of External and Internal Auditors.

COMPOSITION

The Committee consists of three Non-Executive Directors of whom two are Independent Non-Executive Directors. The Board considers that the Committee members collectively have competence relevant to the Company's sectors, in addition to their general management and commercial experience.

The Committee Chairman invites other regular attendees including, the Executive Chairman/Chief Executive Officer, Director of Finance, Chief Financial Officer, and representatives of the External Auditor.

The following members served on the Committee during the financial year.

Director	Position Held	Member Since
Mr. D.H.J. Gunawardena - IND/NED	Chairman	27.05.2009
Mr. K.I. Dharmawardena - IND/NED	Member	27.05.2009 (passed away on 06.12.2023)
Mr. Takashi Kishi - NED	Member	03.06.2022
Mr. N. Vasantha Kumar - IND/NED	Member	27.11.2023

RESPONSIBILITIES

In addition to its key areas of discussion, the Committee receives regular updates from management in relation to key financial controls, IT general controls, treasury, taxation and internal audit. The Committee's oversight responsibilities include the following;

- Overseeing the preparation, presentation and adequacy of disclosures in the financial statements in accordance with the Sri Lanka Accounting Standards.
- Assisting the Board in fulfilling its oversight responsibilities towards ensuring the integrity of the financial statements of the Company and the Group.
- Overseeing compliance with financial reporting requirements, information requirements of the Companies Act, and compliance with all relevant statutory and regulatory requirements.
- Assessing the processes to ensure that the internal controls and risk management framework are adequate to safeguard the Company's assets and its interests.
- Reviewing the independence and performance of the External Auditors
- Making recommendations to the Board pertaining to the appointment, re-appointment and removal of External Auditors.
- Monitoring the effectiveness of the internal audit function.

FINANCIAL REPORTING, STATUTORY & REGULATORY REQUIREMENTS

In relation to the financial statements, the Committee ensures that the Group provides accurate and timely financial results in conformity with the Sri Lanka Accounting Standards and applies judgements effectively. During the year, the Committee considered and recommended the quarterly financial statements, annual financial statements and connected documents for Board approval, within the stipulated timelines.

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual financial statements to ensure the reliability of the entire process, consistency of the accounting policies and procedures adopted and their compliance with Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards.

The Committee reviews the quarterly regulatory compliance reports submitted and concludes that the Company and its subsidiaries' compliance framework provides reasonable assurance that all relevant laws, rules, regulations, code of ethics and standards of conduct have been followed in compiling these reports. This procedure ensures that compliance with all statutory and regulatory requirements is effectively monitored.

The Committee supported the Board in discharging its responsibilities towards ensuring statutory compliance by companies in the Group and received and reviewed compliance data covering the aforementioned items. The Committee discussed the controls and mitigating actions deployed in support of the Group's overall compliance strategy and culture to reduce instances of fraud and compliance breaches.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the consensus of the Board of Directors. The terms of reference of the committee are clearly defined in the Charter of the Audit Committee.

AUDIT COMMITTEE MEETINGS

The Committee held four scheduled meetings during the year. Each meeting was conducted based on a clear agenda prepared in advance of the meeting which covered all pertinent matters requiring the attention of the Committee. The Committee has a periodic and structured forward-looking planner, designed to ensure that responsibilities are discharged in full during the year and that regulatory developments continue to be brought to the Committee's attention.

BOARD AUDIT COMMITTEE REPORT

INTERNAL AUDIT

The Audit Committee reviewed the objectivity and performance of the internal audit function and the adequacy of its resources. The internal audit reports submitted to the committee and audit findings presented in the reports were prioritized based on risk levels. Follow up reviews are scheduled to ascertain that audit recommendations are being acted upon. The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded, and that the financial reporting system can be relied upon in the preparation and presentation of Financial Statements.

EXTERNAL AUDITOR

The Committee held meetings to review the role of the External Auditors and the scope of its work. The Committee considers the "Management Letter" submitted by the external auditor and management's response to their recommendations. The Committee periodically assesses the quality of the external auditor's contribution and effectiveness, considers their appointment, approves auditor remuneration and monitors the provision of non-audit services and associated fees in order to ensure that their independence as External Auditors had not been compromised.

CONCLUSION

The Committee received information and support from the management team during the year to enable it to carry out its duties and responsibilities effectively.

The Committee is satisfied that the Company's internal controls and procedures are in place and are effectively implemented as designed to assess and manage risks and that the Company's assets are adequately safeguarded.

The Committee is also satisfied that the operating controls and the application of appropriate accounting policies provide reasonable assurance that the financial statements of the Company and Group provide a true and fair view of its state of affairs.

The Audit Committee has proposed to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants be recommended for re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2024, subject to approval by the shareholders at the forthcoming Annual General Meeting.



Mr. D.H.J. Gunawardena

Chairman
Audit Committee

12th March 2024

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee consists solely of Non-Executive Directors of whom the majority are Independent Directors. The Committee is entrusted with the power to evaluate, determine, and recommend to the Board of Directors on any concern that may affect Human Resources Management of the Company.

COMPOSITION

Director	Position Held	Member Since
Mr. D.H.J. Gunawardena - IND/NED	Chairman	27.05.2009 - appointed as Chairman w.e.f. 06.12.2023
Mr. K.I. Dharmawardena - IND/NED	Former Chairman	27.05.2009 (passed away on 06.12.2023)
Mr. N. Vasantha Kumar - IND/NED	Member	27.11.2023
Dr. W.C.J. Alwis - NED	Member	06.12.2023

The Company Secretary functions as the Secretary to the Remuneration Committee.

The Committee determines the remuneration policy and packages for Executive Directors and senior management. When setting and operating this policy, the Committee also gives consideration to workforce remuneration, the impact on other stakeholders and alignment with strategy and culture.

COMMITTEE CHANGES

As announced on 06th December 2023, Mr. K.I. Dharmawardena, who served as the Chairman of the Remuneration Committee passed away. On behalf of the Committee, I would like to express my gratitude to K.I. Dharmawardena for his insights and invaluable contribution during his time on the Committee. His willingness to address challenging situations and provide constructive solutions will be missed.

DUTIES OF REMUNERATION COMMITTEE

- ☑ Overseeing employees' remuneration policies, and practices. Ensuring pay fairness across all levels of employees, while having a consistent cascade throughout the Group.
- ☑ The rewards, incentives, and conditions available to colleagues are considered when recommending the remuneration of Chairman/Chief Executive Officer, Executive Directors, and other members on the Board.
- ☑ Ensuring that all aspects of remuneration are viewed through a sustainability lens whilst supporting the career development plans and remuneration benefits of the Companies' senior management staff to help ensure the continued success of the Group.
- ☑ Monitoring remuneration practices and policies to ensure that they are consistent with the Group's long-term goals and aligned to the interests of all our stakeholders.
- ☑ Reviewing and making recommendations on the performance management process, giving due consideration to the performance-based payments for employees of the Company and its subsidiaries.

REMUNERATION POLICY

The purpose of the remuneration policy is to reward, motivate and retain the competent staff to deliver our purpose, execute strategy and demonstrate clear leadership in fulfilling their respective roles. It aims to create long-term sustainable performance and increased shareholder value creation. In discharging its responsibilities, the Committee has carefully reviewed and made recommendations regarding the remuneration policy of the Company while ensuring industry norms.

MEETINGS

The attendance of the committee members at these meetings is given on page 86 of this Annual Report. The Chairman/Chief Executive Officer, and other executive staff attended meetings by invitation.

DIRECTORS' REMUNERATION

Amount charged as Directors' Remuneration in Income Statement is shown in note 47(a) of the Financial Statements.



Mr. D.H.J. Gunawardena
Chairman
Remuneration Committee

12th March 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

PURPOSE OF THE COMMITTEE

The Committee was established with the object of advising the Board of Directors with regard to transactions with related parties. Being governed by the mandate approved by the Board, the Committee exercises oversight on Related Party Transactions of Ceylinco Insurance PLC and its subsidiary companies to ensure compliance with the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

MEMBERS

The Committee is comprised of the following members in the year ended 31st December 2023.

Director	Position Held	Member Since
Mr. D.H.J. Gunawardena - IND/NED	Chairman	01.01.2016
Mr. K.I. Dharmawardena - IND/NED	Member	01.01.2016 (passed away on 06.12.2023)
Mr. N. Vasantha Kumar - IND/NED	Member	27.11.2023
Mr. T.N.M. Pieris - ED	Member	01.01.2016
Mr. U. Witharana - ED	Member	01.01.2016
Mr. P.A. Jayawardena - NED	Member	01.01.2016

ED - Executive Director

NED - Non-Executive Director

IND/NED - Independent Non-Executive Director

Mr. N. Vasantha Kumar was appointed to the Committee on 27th November 2023. Mr. K.I. Dharmawardena ceased to be a member of the Committee when he passed away on the 6th of December 2023. The Company Secretary served as the Secretary to the Committee during the year under review.

POLICIES AND PROCEDURES

The Company identifies related parties as defined in the Sri Lanka Accounting Standard, LKAS 24. The members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP). In accordance with the Related Party Transactions Policy, declarations are obtained from each Key Management Personnel of the Company and its subsidiaries for the purpose of identifying parties closely related to them in any company where they hold office. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

The Committee will continue to assist the Board of Directors by reviewing all Related Party Transactions, to ensure,

- that there is compliance with the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and with Section 9 of the Listing Rules of the Colombo Stock Exchange.
- that the shareholder interests are protected and
- that fairness and transparency on Related Party Transactions are maintained.

MEETINGS

During the year under review, The Committee held four meetings. The attendance of the members at these meetings is given on page ... of this Annual Report. The Chairman, Chief Executive Officer and other Key Management Personnel attended meetings by invitation to assist in the Committee's discussions.

DECLARATION

The Committee assessed the process of capturing Related Parties of the Company. The Committee reviewed all related party transactions carried out during the year at its quarterly meetings. The observations of the Committee are communicated to the Board of Directors.

During the year, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules, requiring disclosure in the Annual Report. Details of other related party transactions entered by the Company during the year are disclosed in Note 47 to the Financial Statements.

A declaration is given by the Board of Directors in the Annual Report page 91 as a negative statement to the effect that no related party transactions falling within the ambit of rule 9.3.2 of Listing Rules of the Colombo Stock Exchange were entered into by the Company during the year.



Mr. D.H.J. Gunawardena

Chairman

Related Party Transactions Review
Committee

12th March 2024

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GOVERNANCE OF THE NOMINATIONS COMMITTEE

The primary function of the Nominations Committee is to assist the Board in making recommendations on Board appointments with a view to maintaining a balance of skills, expertise and diversity on the Board and its Sub-Committees. The Committee ensures compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and recommended best practices.

BOARD COMPOSITION, EXPERTISE, AND SUCCESSION PLANNING

As part of the ongoing succession planning activity, the Committee regularly reviews the structure, size and composition of the Board and its Sub-Committees to ensure that they continue to provide advice and guidance to the Board based on their collective knowledge and experience. To support the succession planning process, the skills requirement is regularly assessed to establish whether the Board and its Sub-Committees possess and maintain the skills required to deliver the strategy and objectives in the longer term, also considering the skills and experience that may potentially be lost with a retiring Non-Executive Director.

The changes to the composition of the Board and its Sub-Committees during the year, have been stated elsewhere in this report.

COMPOSITION OF THE COMMITTEE

The Committee comprises four Non-Executive Directors appointed by the Board of the Company. The following Directors currently serve on the Committee.

Director	Position Held	Member Since
Mr. D.H.J. Gunawardena - IND/NED	Chairman	30.01.2020
Mr. K.I. Dharmawardena - IND/NED	Member	30.01.2020 (passed away on 06.12.2023)
Mr. N. Vasantha Kumar - IND/NED	Member	27.11.2023
Mr. R. Renganathan - NED	Member	30.01.2020
Mr. P.A. Jayawardena - NED	Member	30.01.2020

NED - Non - Executive Director

IND/NED - Independent Non-Executive Director

The Company Secretary serves as the secretary to the Nomination Committee.

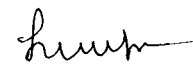
KEY FUNCTIONS OF THE COMMITTEE

- Reviewing Board and Board-level Committee structure, composition, and competencies.
- Recommending new appointments and re-election of Directors.
- Ensuring Governance-related legal and regulatory requirements of Directors to hold office.
- Overseeing Board and senior management succession plans.

MEETINGS

The committee held two meetings during the year under review.

The Committee has overseen the Board composition and succession planning process during the year and recommendations were presented in subsequent Board Meetings for the consideration of Board members.



Mr. D.H.J. Gunawardena

Chairman

Nominations and Governance Committee

12th March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL REPORTING

The responsibilities of the Directors in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 93.

The Companies Act No. 7 of 2007, requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at end of the financial year and of the Profit or Loss of the Company for the financial year. In preparing the financial statements appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 7 of 2007. They are also responsible for taking reasonable measures to safe-guard the assets of the Company and in that context to have a proper regard to the establishment of appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing Accounts. The Directors, after making enquiries and following a review of the Company's budget for 2023 to 2024 including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

BY ORDER OF THE BOARD



Mrs. Nilika Abhayawardhana

Company Secretary

12th March 2024

COMPLIANCE REPORT

In respect of the financial year ended 31st December, 2023 of Ceylinco Insurance PLC:

- All documents required by the Companies Act No. 7 of 2007 to be filed with the Registrar of Companies have been duly filed and compliance has been made with all other legal requirements in connection with the said Companies Act.
- All Dividend cheques have been dispatched by the due date.



Mrs. Nilika Abhayawardhana

Company Secretary

12th March 2024

FINANCIAL CALENDAR - 2024

Annual Report 2023	21st March 2024
Annual General Meeting	21st May 2024
Interim Report - 1st Quarter	15th May, 2024
Interim Report - 2nd Quarter	14th August, 2024
Interim Report - 3rd Quarter	14th November, 2024
Interim Report - 4th Quarter	28th February, 2025

FINANCIAL STATEMENTS



REPORT OF DIRECTORS

The Directors are pleased to submit their report together with the Audited Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flow and the Statement of Financial Position of Ceylinco Insurance Group for the year ended 31st December 2023, and the Report of the Auditors thereon.

REVIEW OF OPERATIONS

The Chairman's and the Deputy Chairman's Reviews on pages 8 to 14 contain a detailed description of operations carried out in the year under review and projected developments.

The principal activities of the Group constitute Management of Investment, Insurance Operations, Health Care Operations, Education and Power Generation.

As at 31 December	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit After Taxation (After Non - Controlling Interest)	10,794,505	12,643,272	1,508,574	1,455,946
Add : Balance Brought Forward	66,713,406	57,898,521	14,403,842	14,072,105
Less : Surcharge Tax	-	(2,485,775)	-	(14,801)
Changes in Ownership in Group Companies	-	(299,789)	-	-
Other Comprehensive Income for the Period	(2,305,044)	622,137	-	-
Funds Available for Appropriation	75,202,867	68,378,366	15,912,416	15,513,250
Appropriation : Dividend Paid - Final	(1,188,651)	(1,109,408)	(1,188,651)	(1,109,408)
Transfer to Long Term Insurance Fund from Retirement Benefits	1,568,623	(555,552)	-	-
Transfer to Retained earnings	(140,237)	-	-	-
Unappropriated Profit Carried Forward	75,442,602	66,713,406	14,723,765	14,403,842

TRANSFER TO RESERVES AND PROVISIONS

There were no transfers other than those mentioned above to or from reserves or provisions except for normal amounts set aside for items such as depreciation, outstanding claims and unexpired risks as shown in the accounts.

SHARE CAPITAL

During the Financial year under review, no shares were issued.

The Stated Capital of the Company as at 31st December 2023 was Rs. 1,324,822,000 and is represented by issued and fully paid 20,000,000 voting ordinary shares and 6,414,480 non voting ordinary shares.

DIVIDENDS

The Directors recommend payment of a final dividend of Rs.48/- per share for the year ended 31 December 2023 payable on 31st May 2024.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Ajith Rohan Gunawardena, Dr. Watuthanthrige Chakrine Jagath Alwis, Mr. Palitha Abeysekera Jayawardena and Mr. Elmo Thushara Lalindra Ranasinghe retire by rotation and being eligible, offer themselves for re-election.

Mr. Kolitha Indrajith Dharmawardena, Independent Non Executive Director passed away on December 6, 2023. In accordance with the Article 87 of the Articles of Association Mr. Kapila Prasanna Ariyaratne was appointed to the Board on 06th December 2023. Mr. Ariyaratne would seek re-election to the Board at the forthcoming AGM.

Mr. Don Herschel Jayaprithi Gunawardena, Mr. Nugent Duncan Nugawela, Mr. Rajkumar Renganathan and Mr. Saroja Hemakumar Weerasuriya will be 75, 72, 71 and 70 years of age respectively in December 2024. In accordance with the Companies Act No. 07 of 2007, all four Directors will retire and thereafter being eligible will offer themselves for re-election.

Special notices have been received from shareholders to move ordinary resolutions at the next Annual General Meeting that Mr. Don Herschel Jayaprithi Gunawardena, Mr. Rajkumar Renganathan, Mr. Nugent Duncan Nugawela and Mr. Saroja Hemakumar be re-elected as Directors and that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Directors.

REPORT OF DIRECTORS

Mr. Don Herschel Jayaprithi Gunawardena and Mr. Saroja Hemakumar Weerasuriya have served the Board for a period exceeding nine years from the date of their first appointment and hence the Board of Directors resolved that despite having served the Board continuously for a period exceeding nine years, they are yet regarded as Independent Directors in terms of Rule 7.10.2 of the listing rules of the Colombo Stock Exchange since their independence was not compromised in discharging their functions.

FIT AND PROPER ASSESSMENT CRITERIA

All the Directors of the company have submitted declarations confirming their continuous compliance with the fit and proper assessment criteria set out in the amended corporate governance rules of the Colombo Stock Exchange during the financial year.

DIRECTORS' MEETINGS

The number of Board Meetings held during the financial year under review were six meetings and the number of board meetings and sub committee meetings attended by each Director of the Company were as follows;

Names of Directors	No. of Board meetings attended
Mr. A.R. Gunawardena	6/6
Mr. R. Renganathan	6/6
Mr. H.D.K.P. Alwis	6/6
Mr. E.T.L. Ranasinghe	5/6
Dr. W.C.J. Alwis	3/6
Mr. P.D.M. Cooray	6/6
Mr. K.I. Dharmawardena	5/6
Mr. D.H.J. Gunawardena	6/6
Mr. P.A. Jayawardena	6/6
Mr. N.D. Nugawela	6/6
Mr. T.N.M. Peiris	5/6
Mr. U. Witharana	6/6
Mr. S.R. Abeynayake	6/6
Mr. S.H.J. Weerasuriya	6/6
Mr. N. Vasantha Kumar	6/6
Mr. Takashi Kishi	6/6
Mr. K.P. Ariyaratne	0/0

The number of meetings attended by each Director (who are members of the committee) are as follows:

Names of Committee Member	Audit Committee	Remuneration Committee	Related Party Transaction Committee	Nominations and Governance Committee
Mr. D.H.J. Gunawardena	4/4	2/2	4/4	2/2
Mr. K.I. Dharmawardena	3/4	1/2	3/4	1/1
Mr. Takashi Kishi	2/2	Not a member	Not a member	Not a member
Mr. N. Vasantha Kumar	0/0	1/1	0/0	1/1
Dr. W.C.J. Alwis	Not a member	0/1	Not a member	Not a member
Mr. P.A. Jayawardena	Not a member	Not a member	4/4	Not a member
Mr. T.N.M. Peiris	Not a member	Not a member	3/4	Not a member
Mr. U. Witharana	Not a member	Not a member	3/4	Not a member
Mr. R. Renganathan	Not a member	Not a member	Not a member	2/2
Mr. P.A. Jayawardena	Not a member	Not a member	Not a member	2/2

DIRECTORS' INTEREST IN SHARES

The Articles of Association of the Company does not stipulate the Directors to hold shares of the Company, as qualifying shares. Directors' Interest in Shares of the Company are as follows: (including 'Close Family Members')

DIRECTORS' INTEREST IN SHARES OF THE COMPANY ARE AS FOLLOWS:

(including 'Close Family Members')

	Voting Shares		Non Voting Shares	
	as at	as at	as at	as at
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Mr. A.R. Gunawardena				
(Mr. A.R. Gunawardena 130 voting shares and 55 non voting shares; and joint with Mrs. K.S. Gunawardena 121,698 voting shares and 8,600 non voting shares)	121,828	121,828	8,655	8,655
(Mrs. K.S. Gunawardena 14,900 voting shares and 7,702 non voting shares)				
Mr. R. Renganathan	126,897	126,897	NIL	NIL
(Mr. R. Renganathan 123,271 voting shares and joint with Mrs. T.R.S. Renganathan 3,626 voting shares)				
Mr. H.D.K.P. Alwis	3,200	3,200	NIL	NIL
Mr. H.D.K.P. Alwis joint with Mrs. S.R. Alwis	NIL	NIL	2,000	2,000
Mr. E.T.L. Ranasinghe	9,279	9,245	NIL	NIL
Dr. W.C.J. Alwis	529,031	529,031	219,041	219,041
Mr. P.D.M. Cooray	10,024	10,024	NIL	NIL
Mr. K.I. Dharmawardena	28	28	NIL	NIL
People's Leasing & Finance PLC / Mr. K.I. Dharmawardena	5,632	5,632	NIL	NIL
(Expired on 06/12/2023)				
Mr. D.H.J. Gunawardena	NIL	NIL	NIL	NIL
Mr. P.A. Jayawardena	3,463	3,463	134	134
Mr. N.D. Nugawela	3,539	3,539	510	510
Mr. T.N.M. Peiris	24,831	24,831	2,000	2,000
(Mrs. P.S. Peiris 212 voting shares)				
Mr. U. Witharana	2,605	2,605	512	512
Mr. S.R. Abeynayake	9,790	9,790	200	200
Mr. S.H.J. Weerasuriya	NIL	NIL	600	600
Mr. Takashi Kishi	NIL	NIL	NIL	NIL
Mr. N.Vasanth Kumar	NIL	NIL	NIL	NIL
Mr. K.P. Ariyaratne	NIL	NIL	NIL	NIL

The Directors' dealings of the Shares of the Company are in line with the regulations of the Colombo Stock Exchange and in keeping with the regulations of the Company.

REPORT OF DIRECTORS

ANALYSIS OF SHAREHOLDERS

(Voting)

Holding Range (Shares)	Number of Shareholders	Number of Shares	%
1-1000	1,731	277,979	1.39
1001-10000	253	731,918	3.66
10001-100000	20	423,834	2.12
100001-1000000	13	6,689,485	33.45
OVER MILLION	5	11,876,784	59.38
Total as at 31st. Dec. 2023	2,022	20,000,000	100

(Non Voting)

Holding Range (Shares)	Number of Shareholders	Number of Shares	%
1-1000	1,447	287,029	4.47
1001-10000	135	441,642	6.89
10001-100000	30	855,131	13.33
100001-1000000	12	2,363,451	36.85
OVER MILLION	2	2,467,227	38.46
Total as at 31st. Dec. 2023	1,626	6,414,480	100

ANALYSIS OF SHAREHOLDINGS

Institutional / Non – Institutional

(Voting)

Shareholder Category	Number of Shareholders	Total Shareholdings	Holding %
Individuals	1,881	2,890,120	14.45
Institutions	141	17,109,880	85.55
	2,022	20,000,000	100.00

(Non Voting)

Shareholder Category	Number of Shareholders	Total Shareholdings	Holding %
Individuals	1,530	1,544,010	24.07
Institutions	96	4,870,470	75.93
	1,626	6,414,480	100.00

Share Ownership Distribution Analysis as at 31.12.2023

Local Companies %		Local Individuals %		Foreign Companies %		Foreign Individuals %	
Voting	Non Voting	Voting	Non Voting	Voting	Non Voting	Voting	Non Voting
53.50	29.21	14.43	23.75	32.05	46.72	0.02	0.32

The percentage of 'Public Holding' (as per Circular no. 05/2013 of 30/12/2013 of the Colombo Stock Exchange) is 83.59% of the issued Voting share capital (represented by 2004 shareholders).

The percentage of 'Public Holding' (as per Circular no. 06/2021 of 29/12/2021 of the Colombo Stock Exchange) is 96.24% of the issued Non Voting share capital.

Float adjusted market capitalisation as at 31st December, 2023 : Rs. 40,959,100,000/= (voting ordinary shares)

The company is in compliance with Minimum Public Holding Requirements as at reporting date under option 1 of CSE listing rule 7.13.1(a).

The 20 major shareholders as at 31.12.2023

(Voting)

Shareholder	Holding as at 31-12-2023 No. of Shares	% of the issued share Capital as at 31/12/2023	Holding as at 31-12-2022 No. of Shares
Global Rubber Industries (Private) Limited	4,450,135	22.25	4,450,135
Mitsui Sumitomo Insurance Company Limited	3,000,000	15.00	3,000,000
Banque Pictet and Cie SA S/A Patrick Schegg	2,145,079	10.73	2,145,079
Shriram Finance Limited	1,264,470	6.32	1,264,470
Eurocorp Investments (Pvt) Ltd	1,017,100	5.09	1,013,600
Mr. Prabhash Subasinghe	912,981	4.56	912,981
Ceylinco Insurance PLC A/C No. 03 (Employees' Gratuity Trust Fund)	865,724	4.33	865,724
Nephele Private Limited	808,710	4.04	640,626
Citizens Development Business Finance PLC	663,624	3.32	663,624
Global Sea Foods (Private) Limited	632,110	3.16	632,110
Dr. Watuthanthrige Chakrine Jagath Alwis	529,031	2.65	529,031
Castle Realty (Private) Limited	525,400	2.63	525,400
Ceylinco Insurance PLC A/C No. 04 (Pension Fund)	489,806	2.45	489,806
Kutrala Private Limited	463,534	2.32	463,534
Ceylinco Insurance PLC – A/C No. 05 (The Pension Trust Fund of Ceylinco Insurance PLC)	403,034	2.02	403,034
Praesidium Investments (Pvt) Ltd	150,562	0.75	150,562
Mr. Rajkumar Renganathan	126,897	0.63	126,897
(Mr. R. Renganathan 123,271 shares and joint with Mrs. T.R.S. Renganathan 3,626 shares)			
Mr. Ajith Rohan Gunawardena	121,828	0.61	121,828
(Mr. A.R. Gunawardena 130 shares and joint with Mrs. K.S. Gunawardena 121,698 shares)			
Lakderana Capital Limited	72,199	0.36	62,222
Mr. Jivaka Lalith Bhupendra Kotelawala (Expired on 21-10-2023)	54,886	0.27	54,886
(Mr. J.L.B. Kotelawala 36,745 shares and joint with Mrs. S.P.C. Kotelawala 18,141 shares)			

REPORT OF DIRECTORS

The 20 major shareholders as at 31.12.2023

(Non Voting)

Shareholder	Holding as at 31-12-2023 No. of Shares	% of the issued share Capital as at 31-12-2023	Holding as at 31-12-2022 No. of Shares
Pershing LLC S/A Auerbach Grayson and Company LLC	1,409,224	21.97	2,848,236
Auerbach Grayson and Company LLC	1,058,003	16.49	NIL
J.B. Cocoshell (Pvt.) Ltd.	482,652	7.52	523,307
BBH-Tundra Sustainable Frontier Fund	289,700	4.52	289,700
Confab Steel (Private) Limited	274,509	4.28	256,824
Dr. Watuthanthrige Chakrine Jagath Alwis	219,041	3.41	219,041
Banque Pictet and Cie SA S/A Patrick Schegg	200,000	3.12	200,000
Mr. Piyadasa Rathnayaka	175,000	2.73	175,000
Ceylon Investment PLC A/C # 02	140,010	2.18	140,010
Mr. Yusuf Husseinally Abdulhussein	125,697	1.96	90,647
Miss. Rukaiya Husseinally Abdulhussein	121,515	1.89	81,915
Ceylon Guardian Investment Trust PLC A/C # 02	115,256	1.80	115,256
E.W. Balasuriya & Company (Private) Limited Account No. 01	113,846	1.77	113,846
Deutsche Bank AG AS Trustee for JB Vantage Value Equity Fund	106,225	1.66	106,225
Mr. Husseinally Mohsinally Abdulhussein joint with Mrs. Saema Enayat Lokhandwalla	91,928	1.43	850
Hatton National Bank PLC - Senfin Growth Fund	83,800	1.31	54,800
Odyssey Capital Partners (Private) Limited	83,035	1.29	NIL
Rubber Investment Trust Ltd A/C No. 01	70,000	1.09	70,000
Mr. Murtaza Ali Jafferjee	46,906	0.73	46,906
People's Leasing & Finance PLC / Mr. H.M. Abdulhussein	43,297	0.67	43,297

PROPERTY, PLANT & EQUIPMENT

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements" (Pages 114 to 123).

CURRENT ASSETS

The Directors of the Company have taken reasonable steps to ascertain that whatever current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or adequate provisions have been made for the differences between those values.

POST-BALANCE SHEET DATE EVENTS & UNUSUAL ITEMS

Since the end of the financial year, no change in the assets of the Company have arisen which secures the liabilities of any other persons.

In the opinion of the Directors, no item, transaction or event of a material nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially, the results of the operations of the Company for the financial year.

HUMAN RESOURCES

It is a Company policy to provide equal opportunities in the recruitment and employment of staff. During the year under review, the Company has taken numerous measures to ensure staff contentment at all levels.

RELATED PARTY TRANSACTION

The Company has complied with section 9 of the Colombo Stock Exchange (CSE) listing rules in respect of Related Party Transactions.

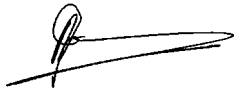
AUDITORS

The Financial Statements for the year have been audited by Messrs. Ernst & Young (Chartered Accountants) who expressed their willingness to continue in office. In accordance with the Companies' Act No. 7 of 2007, a resolution relating to their re-appointment and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.


The fees paid to the Auditors are disclosed in note 36 on page 178 to the Financial Statements.

The Auditors of the Company, Messrs. Ernst & Young do not have any relationship with the Company other than that as the Auditors.

BY ORDER OF THE BOARD



A.R. Gunawardena
Executive Chairman/ Chief Executive Officer



R. Renganathan
Non Executive Deputy Chairman



Nilika Abhayawardhana
Company Secretary

21st March 2024
Colombo

REPORT OF DIRECTORS

Directors' Interests in Contracts

No Director of the Company is directly or indirectly interested in the contracts of the Company.

The following is a schedule where the Directors of this company held Directorships in other companies during the period 01.01.2023 to 31.12.2023 in which this company has had transactions during the year 2023

Name of Company	Mr. A.R. Gunawardena	Mr. R. Renganathan	Mr. H.D.K.P. Alwis	Mr. Upali Witharana	Mr. T.N.M. Peiris	Dr. W.C.J. Alwis	Mr. E.T.L. Ranasinghe	Mr. P.D.M. Cooray	Mr. P.A. Jayawardena	Mr. S. R. Abeynayaka	Mr. D. H.J. Gunawardena	Mr. S.H.J. Weerasuriya	Mr. N. Vasantha Kumar	Mr. K.P. Ariyaratne	Mr. N.D. Nugawela	Mr. Takashi Kishi
1 American Education Centre Ltd.	√	√	√	√	√											
2 ANC Education Holdings Ltd	√						√									
3 ANC Modern Montessori International International (Pvt) Ltd	√			√		√										
4 Asset Trust Management (Pvt) Ltd				√												
5 CEC Events (Pvt) Ltd	√						√									
6 CEG Education Holdings (Pvt.) Ltd.	√	√	√	√	√	√										
7 Ceyhydro Developers (Pvt) Ltd	√	√	√	√	√											
8 Ceylinco Banyan Villas (Pvt) Ltd					√											
9 Ceylinco General Insurance Ltd						√										√
10 Ceylinco International Trading Co Ltd	√	√	√	√	√											
11 Ceylinco Insurance Company (Pvt.) Ltd. (Maldives)	√	√	√	√	√	√										
12 Ceylinco Life Insurance Ltd.		√					√	√	√	√	√					
13 Ceylinco Investcorp Ltd	√	√	√	√	√	√										
14 Ceypower Cascades (Pvt) Ltd	√	√	√	√	√											
15 Citizens Development Bank											√					
16 E G L Solar Ltd	√	√	√	√	√	√										
17 E G H L Solar Galle (Pvt) Ltd	√	√	√													
18 E G H L Solar Mathugama (Pvt) Ltd	√	√	√													
19 Energy Generators (Pvt) Ltd	√	√	√	√	√											
20 Energy Lanka Holdings Ltd	√	√	√	√	√	√										
21 Enviro Engineering Solutions (Pvt) Ltd		√														
22 Fintrex Finance Ltd															√	
23 International College of Business & Technology Ltd.	√	√	√	√	√	√										
24 Serene Resorts Ltd		√					√	√								
25 Ultratech Cement Lanka(Pvt) Ltd	√			√												
26 Wycherley International Management Company Limited	√	√	√	√	√	√										
27 Alethea School (Pvt) Ltd	√	√	√	√	√	√										
28 Alethea Institute of Management Services (Pvt) LTD	√	√	√	√	√	√										
29 Hunters & Company PLC											√					

Note - Dr. W.C.J.Alwis was resigned from EGL Solar w.e.f. 27th Dec 2023

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

To the Shareholders of Ceylinco Insurance PLC

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

Key audit matter

Life Insurance Contract Liabilities

Life Insurance Contract Liabilities amounting to Rs. 156.68 Bn represent 75.4% of total liabilities of the Group as at 31 December 2023 and are determined based on an actuarial valuation as described in Note 23 to the financial statements.

This was a key audit matter due to:

- ☑ Materiality of the reported Life Insurance Contract Liabilities;
- ☑ The degree of assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Life Insurance Contract Liabilities and liability adequacy test carried out to determine the adequacy of the carrying value of Life Insurance Contract Liabilities.

Key assumptions used in the valuation of the Life Insurance Contract Liabilities included the following:

- ☑ Mortality rate , morbidity rate , lapses ratio and surrenders ratio, loss ratios, bonus, interest rates, discount rates and related claim handling expenses, as disclosed in Notes 23 and 44(a)i to the financial statements.

Non-Life Insurance Contract Liabilities

Non-Life Insurance Contract liabilities amounting to Rs. 16.71 Bn represent 8% of total liabilities of the Group as at 31 December 2023. Non-Life Insurance Contract Liabilities consist of provision for reported claims, provision for Incurred But Not Reported & Incurred But Not Enough Reported (IBNR & IBNER) and provision for unearned premiums which are determined based on an actuarial valuation as described in Note 24.

This was a key audit matter due to:

- ☑ Materiality of the reported Non-Life Insurance Contract Liabilities;
- ☑ The degree of assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Non-Life Insurance Contract Liabilities and Liability Adequacy Test carried out to determine 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:

- ☑ The determination of historical experience and business expectations such as previous claim experience, existing knowledge of risk events, industry ultimate loss ratio, claims handling expenses and management expenses, as disclosed in Notes 24 and 44(a)ii to the financial statements

How our audit addressed the key audit matter

To assess the reasonableness of the Life Insurance Contract Liabilities, our audit procedures included the following;

- ☑ Assessed the competency, capability and objectivity of the management specialist engaged by the Group.
- ☑ Obtained an understanding of the liability valuation process.
- ☑ Checked the completeness and accuracy of the data used in the valuation of Life Insurance Contract Liabilities by agreeing key Information to source documents and accounting records.
- ☑ Engaged expert resources to assess the reasonableness of the assumptions and appropriateness of the methods used in the actuarial valuations of Life Insurance Contract Liability and Liability Adequacy Test with reference to market data and policyholders experience.

We assessed the adequacy of the disclosures in Notes 23 and 44(a) i to the financial statements

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

- ☑ Assessed the competency, capability and objectivity of the management specialist engaged by the Group.
- ☑ Obtained an understanding of the liability valuation process.
- ☑ Checked the completeness and accuracy of the data used in the valuation of Non-Life Insurance Contract Liabilities by agreeing key information to source documents and accounting records.
- ☑ Engaged expert resources to assess the reasonableness of the assumptions used in the actuarial valuations of the Non-Life Insurance Contract Liability and Liability Adequacy Test with reference to the industry data and considering both historical experience and business expectations.
- ☑ Checked the unearned premium and reported claim calculations.

We assessed the adequacy of the disclosures in Notes 24 and 44(a) ii to the financial statements

Other information included in the 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ☑ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☑ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- ☑ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ☑ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ☑ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ☑ Obtain 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.

INDEPENDENT AUDITOR'S REPORT

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

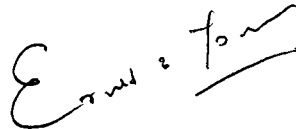
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.



12th March 2024
Colombo

STATEMENT OF FINANCIAL POSITION

	Page No.	Note	Group		Company	
			2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Assets						
Goodwill	112	6	372,382	372,382	-	-
Other Intangible Assets	112	7	299,756	367,179	-	-
Deferred Expenses	114	8	1,438,654	1,286,478	-	-
Property, Plant and Equipment	114	9	31,125,336	28,448,031	-	-
Right of Use Asset	124	10	813,206	886,392	-	-
Investment Properties	126	11	3,834,432	3,342,062	153,332	153,332
Investment in Subsidiaries	130	12(a)	-	-	15,896,855	15,896,855
Investment in Associates	132	12(b)	9,312,151	8,832,061	92,514	92,514
Financial Instruments						
Held to Maturity Financial Assets	139	13(a)	112,058,479	91,950,320	-	-
Loans and Receivables	140	13(b)	84,849,761	79,378,862	1,330,355	1,118,609
Available-For-Sale Financial Assets	140	13(c)	14,747,354	10,431,209	1,218,711	1,106,978
Financial Assets at Fair Value Through Profit or Loss	142	13(d)	4,452,434	530,306	-	-
Employee Gratuity Benefit Asset	147	14	8,908,133	8,100,117	-	-
Employee Pension Benefit Asset	151	15	3,104,093	3,065,422	-	-
Reinsurance Receivables	154	16	6,757,896	6,571,724	-	-
Loans to Life Policyholders	154	17	2,930,981	2,703,623	-	-
Income Tax Receivable	155	18	8,111	28,857	-	-
Deferred Tax Assets	157	18(a)	46,159	119,934	15,492	-
Insurance Receivables/Trade Debtors	159	19	10,269,855	10,322,856	-	-
Other Assets	160	20	1,517,457	3,211,029	5,256	5,254
Cash and Cash Equivalents	160	21	2,878,065	1,731,412	225	152
Total Assets			299,724,695	261,680,256	18,712,740	18,373,694
Equity & Liabilities						
Equity Attributable to Equity Holders of Parent						
Stated Capital	161	22 (a)	1,324,822	1,324,822	1,324,822	1,324,822
Retained Earnings			75,442,602	66,713,406	14,723,765	14,403,842
Other Reserves	162	22 (b)	2,985,669	2,336,611	2,324,575	2,306,201
Revaluation Reserves			4,868,385	4,789,378	-	-
Restricted Regulatory Reserve	164	23 (b)	3,456,184	3,456,184	-	-
Total Ordinary Shareholders' Equity			88,077,662	78,620,401	18,373,162	18,034,865
Non-Controlling Interests	182	39 (a)	3,759,427	3,274,900	-	-
Total Equity			91,837,089	81,895,301	18,373,162	18,034,865
Liabilities						
Life Insurance Contract Liabilities	162	23	156,683,565	134,031,487	-	-
Unit Linked Fund & Other Funds-Life			661,233	663,337	-	-
Non Life Insurance Contract Liabilities	165	24	16,713,157	15,573,919	-	-
Employee Gratuity Benefit Liability	147	14	523,997	409,258	51,640	36,243
Deferred Revenue	166	25	917,233	781,891	-	-
Interest Bearing Loans & Borrowings	167	26	6,438,315	3,568,061	130,366	85,594
Deferred Tax Liabilities	158	18(b)	2,597,374	2,462,209	-	-
Reinsurance Payables	168	27	8,864,310	10,424,719	-	-
Trade and Other Payables	168	28	14,488,422	11,870,074	157,572	216,992
Total Liabilities			207,887,606	179,784,955	339,578	338,829
Total Equity and Liabilities			299,724,695	261,680,256	18,712,740	18,373,694

The Notes on pages 104 through 202 form an integral part of the Financial Statements.

These Financial Statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.

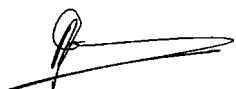


T.N.M. Peiris

Director/Head of Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board by:



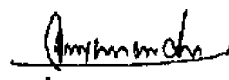
A.R. Gunawardena

Executive Chairman/CEO



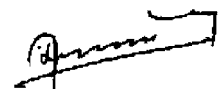
R. Renganathan

Deputy Chairman



P.A. Jayawardene

Director



Upali Witharana

Director

12th March 2024
Colombo

INCOME STATEMENT

For the Year Ended 31 December			Group			Company		
	Page No.	Note	2023	2022	Change	2023	2022	Change
			Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Net Income	172	29(c)	88,113,694	77,020,273	14%	1,901,054	1,888,091	1%
Gross Written Premium	170	29(a)	64,303,371	58,239,661	10%	-	-	
Premium Ceded to Reinsurers	171	29(b)	(16,892,159)	(14,870,122)	14%	-	-	
Net Written Premium			47,411,212	43,369,539	9%	-	-	
Net Change in Reserve for Unearned Premium			(30,884)	105,373	-129%	-	-	
Net Earned Premium			47,380,328	43,474,912	9%	-	-	
Revenue from Non Insurance Subsidiaries	107	5	5,624,904	4,344,305	29%	-	-	
			53,005,232	47,819,217		-	-	
Fees and Commission Income	173	30	1,757,134	1,658,491	6%	-	-	
Investment Income	173	31	32,965,204	27,159,679	21%	1,901,054	1,888,091	1%
Net Realised Gains	174	32	148,072	48,039	208%	-	-	
Net Fair Value Gains and Losses	175	33	238,052	334,847	-29%	-	-	
Other Revenue			35,108,462	29,201,056		1,901,054	1,888,091	-
Gross Benefits and Claims Paid	176	34(a)	(35,681,295)	(31,808,212)	12%	-	-	
Claims Ceded to Reinsurers	176	34(b)	4,586,054	4,859,509	11%	-	-	
Gross Change in Contract Liabilities	176	34(c)	(24,235,925)	(13,059,153)	86%	-	-	
Change in Contract Liabilities Ceded to Reinsurers	176	34(d)	878,817	(207,102)	-142%	-	-	
Net Benefits and Claims			(54,452,979)	(40,214,958)		-	-	
Cost of Sales - Non Insurance Subsidiaries	107	5	(1,577,467)	(1,167,111)	35%	-	-	
Acquisition Cost	177	35	(4,930,083)	(4,557,129)	8%	-	-	
Other Operating and Administrative Expenses	178	36	(12,354,029)	(12,571,033)	-2%	(294,574)	(201,787)	46%
Impairment Provision			(13,223)	(2,782,117)		(30,000)	(23,588)	27%
Finance Cost	179	37	(392,228)	(389,925)	1%	(868)	(1,179)	-26%
Total Benefits, Claims and Other Expenses			(73,720,009)	(61,682,273)		(325,442)	(226,554)	44%
Profit Before Share of Associates			14,393,685	15,338,000	-6%	1,575,612	1,661,537	-5%
Share of Profit of Associates	132	12(b)	568,551	943,006	-40%	-	-	
Profit Before Tax			14,962,236	16,281,006	-8%	1,575,612	1,661,537	-5%
Income Tax Expense	179	38	(3,434,221)	(3,025,115)	14%	(67,038)	(205,591)	-67%
Profit for the Year			11,528,015	13,255,891	-13%	1,508,574	1,455,946	
Profit Attributable to:								
Equity Holders of the Parent			10,794,505	12,643,272		1,508,574	1,455,946	4%
Non-Controlling Interests	182	39(b)	733,510	612,619		-	-	
			11,528,015	13,255,891		1,508,574	1,455,946	4%
Basic/Diluted Earnings Per Share	183	40	408.67	478.66		57.11	55.12	
Dividend Per Share	183	41	45.00	42.00		45.00	42.00	

The Notes on pages 104 through 202 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit for the Year		11,528,015	13,255,891	1,508,574	1,455,946
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to Income Statement in subsequent period					
Net Gain/(Loss) on Available-for-Sale Assets	42	1,169,108	(1,112,156)	18,374	50,228
Exchange Differences on Translating Foreign Operations	42	(305,766)	346,716	-	-
Income Tax relating to Components of Other Comprehensive Income	42	(292,145)	208,058	-	-
Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period		571,197	(557,382)	18,374	50,228
Other Comprehensive Income not to be reclassified to Income Statement in subsequent period					
Revaluation Surplus/ (Deficit) During the Year	42	664,128	2,671,180	-	-
Actuarial Gain/(Loss) on Defined Benefit Plans	42	(2,316,242)	598,364	-	-
Income Tax relating to Components of Other Comprehensive Income	42	35,040	(1,142,295)	-	-
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		(1,617,074)	2,127,249	-	-
Other Comprehensive Income for the Year, Net of Tax		(1,045,877)	1,569,867	18,374	50,228
Total Comprehensive Income for the Year, Net of Tax		10,482,138	14,825,758	1,526,948	1,506,174
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		9,834,609	14,278,930	1,526,948	1,506,174
Non-Controlling Interests		647,529	546,828	-	-
		10,482,138	14,825,758	1,526,948	1,506,174

The Notes on pages 104 through 202 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Equity Holders of the Parent									
	Stated Capital	Revaluation Reserves	Restricted Regulatory Reserve	Other Retained Reserves	Retained Earnings	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Ordinary Shareholders' Equity	Non-Controlling Interests	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance As At 1st January 2022	1,324,822	4,608,433	3,456,184	2,057,437	55,412,746	756,351	84,066	67,700,039	2,483,941	70,183,980
Profit for the Year	-	-	-	-	12,643,272	-	-	12,643,272	612,619	13,255,891
Other Comprehensive Income for the Year	-	1,582,514	-	-	622,137	(842,043)	273,051	1,635,659	(65,791)	1,569,867
Total Comprehensive Income for the Year	-	1,582,514	-	-	13,265,409	(842,043)	273,051	14,278,931	546,828	14,825,758
Final Dividend of Parent Company	-	-	-	-	(1,109,408)	-	-	(1,109,408)	-	(1,109,408)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	(151,190)	(151,190)
Changes in ownership in Subsidiaries	-	(189)	-	-	(299,789)	(107,154)	-	(407,132)	395,321	(1,811)
Transfer to Long Term Fund	-	(1,401,380)	-	-	(555,552)	114,903	-	(1,842,029)	-	(1,842,029)
Balance As At 31st December 2022	1,324,822	4,789,378	3,456,184	2,057,437	66,713,406	(77,943)	357,117	78,620,401	3,274,900	81,895,301
Balance As At 1st January 2023	1,324,822	4,789,378	3,456,184	2,057,437	66,713,406	(77,943)	357,117	78,620,401	3,274,900	81,895,301
Profit for the Year	-	-	-	-	10,794,505	-	-	10,794,505	733,510	11,528,015
Other Comprehensive Income for the Year	-	794,351	-	-	(2,305,044)	815,515	(264,718)	(959,896)	(85,981)	(1,045,877)
Total Comprehensive Income for the Year	-	794,351	-	-	8,489,461	815,515	(264,718)	9,834,609	647,529	10,482,138
Final Dividend of Parent Company	-	-	-	-	(1,188,651)	-	-	(1,188,651)	-	(1,188,651)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	(163,002)	(163,002)
Transfer to Retained Earnings	-	-	-	-	(140,237)	140,237	-	-	-	-
Transfer to Long Term Fund	-	(715,344)	-	-	1,568,623	(41,976)	-	811,303	-	811,303
Balance As At 31st December 2023	1,324,822	4,868,385	3,456,184	2,057,437	75,442,602	835,833	92,399	88,077,662	3,759,427	91,837,089

The Notes on pages 104 through 202 form an integral part of the Financial Statements.

Company	Stated Capital	Revaluation Reserves	Other Retained Reserves	Retained Earnings	Available-for-Sale Reserve	Total Ordinary Shareholders' Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance As At 1st January 2022	1,324,822	-	2,057,437	14,072,105	198,536	17,652,900
Adjustment for Surcharge Tax Levied under the Surcharge Tax Act No. 14 of 2022	-	-	-	(14,801)	-	(14,801)
Profit for the Year	-	-	-	1,455,946	-	1,455,946
Other Comprehensive Income for the Year	-	-	-	-	50,228	50,228
Total Comprehensive Income for the Year	-	-	-	1,455,946	50,228	1,506,174
Final Dividend Paid	-	-	-	(1,109,408)	-	(1,109,408)
Balance As At 31st December 2022	1,324,822	-	2,057,437	14,403,842	248,764	18,034,865
Profit for the Year	-	-	-	1,508,574	-	1,508,574
Other Comprehensive Income for the Year	-	-	-	-	18,374	18,374
Total Comprehensive Income for the Year	-	-	-	1,508,574	18,374	1,526,948
Final Dividend Paid	-	-	-	(1,188,651)	-	(1,188,651)
Balance As At 31st December 2023	1,324,822	-	2,057,437	14,723,765	267,138	18,373,162

The Notes on pages 104 through 202 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year Ended 31 December	Notes	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Cash Flows from Operating Activities					
Premiums/Revenue received from Customers		70,788,923	59,628,615	-	-
Reinsurance Premiums (Net of Commission) Paid		(16,320,977)	(8,606,934)	-	-
Commission Paid		(4,759,684)	(4,582,020)	-	-
Claims and Benefits Paid		(35,686,502)	(31,015,529)	-	-
Reinsurance Receipts in respect of Claims & Benefits		4,020,867	4,113,945	-	-
Interest and Dividends Received		21,302,040	17,272,033	1,888,620	1,816,462
Other Operating Cash Payments		(12,317,193)	(14,056,607)	(342,704)	(254,547)
Other Income		2,798,726	1,859,797	-	-
Contributions to Gratuity Fund/Gratuity Payments		(904,554)	(944,013)	-	-
Income Taxes Paid		(3,192,517)	(4,172,147)	(78,425)	(212,044)
Interest Paid		(951,848)	(180,452)	(868)	(179)
Net Cash Flows from Operating Activities (Note A)		24,777,281	19,316,688	1,466,623	1,349,692
Cash Flows from Investing Activities					
Investments in Subsidiaries/Associates		-	(4,147,795)	-	-
Acquisition of Financial Investments	13 (e)	(487,909,877)	(848,912,317)	(7,296,235)	(1,033,887)
Acquisition of Investment Property		(363,660)	(278,618)	-	-
Proceeds from Sale of Financial Investments	13 (e)	465,644,057	841,293,209	6,973,564	814,404
Acquisition of Property , Plant & Equipment	9	(3,181,682)	(3,018,407)	-	-
Acquisition /Disposal of Intangible Assets	7	(182,607)	(256,670)	-	-
Proceeds from Disposal of Property , Plant & Equipment		557,501	49,793	-	-
Net Cash Flows from Investing Activities		(25,436,268)	(15,270,805)	(322,671)	(219,483)
Cash Flows from Financing Activities					
Repayment of Lease Liabilities	28 (a)	(377,231)	(388,392)	-	-
Short/Term Loan		2,501,843	(2,887,040)	-	-
Dividends Paid to Equity Holders		(1,351,653)	(1,260,598)	(1,188,651)	(1,109,408)
Net Cash Flows from Financing Activities		772,959	(4,536,030)	(1,188,651)	(1,109,408)
Impact of Foreign Currency Translation		1,285,088	346,964	-	-
Increase / (Decrease) in Cash & Cash Equivalents (Note B)		1,399,060	(143,183)	(44,699)	20,801
Note A					
Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities					
Profit Before Tax		14,962,236	16,281,006	1,575,612	1,661,537
Adjustments for:					
Depreciation on Property, Plant & Equipment	36	1,096,092	927,940	-	-
Depreciation on Right of use Assets	10	351,949	368,503	-	-
Amortisation of Intangible Assets	7	251,709	209,370	-	-
Change in Trade and Other Receivables		(8,346,691)	(9,194,551)	(41,208)	(74,511)
Change in Reinsurance Receivable		(1,162,895)	(535,894)	-	-
Increase in Life Insurance Funds		23,013,637	13,375,957	-	-
Increase in Non - Life Insurance Provisions		1,700,599	385,707	-	-
Change in Trade and Other Payables		(4,352)	4,299,899	(41,208)	58,342
Realised Gain		(39,893)	(108,329)	-	-
Fair value Gain recorded in Income Statement		(231,552)	(313,032)	-	-
Foreign Exchange Gain/Loss		(3,053,490)	(4,046,852)	51,852	(107,220)
Income Tax Paid		(3,192,517)	(4,172,147)	(78,425)	(212,044)
Share of Associate Profits		(568,551)	(943,006)	-	-
Provision for fall in value of Investment		-	2,782,117	-	23,588
Net Cash Flows from Operating Activities		24,777,281	19,316,688	1,466,623	1,349,692
Note B					
Cash and Cash Equivalents at 1st January		341,538	484,721	(85,442)	(106,243)
Cash and Cash Equivalents at 31st December	Note C	1,740,598	341,538	(130,141)	(85,442)
Increase / (Decrease) in Cash and Cash Equivalents		1,399,060	(143,183)	(44,699)	20,801
Note C					
Cash in Hand & Cash at Bank	21	2,878,065	1,731,412	225	152
Bank Overdraft	26	(1,137,467)	(1,389,874)	(130,366)	(85,594)
		1,740,598	341,538	(130,141)	(85,442)

The Notes on pages 104 through 202 form an integral part of the Financial Statements.

The cash flow statement has been prepared using the "direct method".

INSURANCE REVENUE ACCOUNT

For the Year Ended 31 December	Glossary Item	2023	2022	Change
		Rs. '000	Rs. '000	%
Non - Life Insurance				
	20	25,246,863	24,351,536	3.68
Gross Written Premium				
	31	14,510,651	14,671,926	(1.09)
Net Earned Premium				
	36	(8,239,975)	(7,830,283)	5.23
Net Claims Incurred				
	2 & 44	(1,256,570)	(1,249,064)	0.60
Underwriting and Net Acquisition Costs (Including Reinsurance)				
	54	5,014,106	5,592,579	
Underwriting Result				
		(5,008,307)	(5,469,259)	(8.42)
Other Operating, Investments Related and Administrative Expenses				
		4,129,897	6,606,138	(37.48)
Investment and Other Income				
		(57,439)	(57,509)	(0.12)
Interest Expense				
Profits From Operations After Interest Expense		4,078,257	6,671,949	(38.87)
Key Ratios Non - Life Insurance				
	33	57	53	6.40
Net Loss Ratio				
	32	44	46	(5.65)
Net Expense Ratio				
	30	100	100	0.80
Net Combined Ratio				
Life Insurance				
	19	33,411,394	29,160,164	14.58
Gross Written Premium				
	35	32,771,519	28,687,967	14.23
Net Written Premium (Net of Reinsurance Premium and Commission)				
		22,181,627	15,861,716	39.84
Investment and Other Income Attributable to Policyholders				
		(23,135,049)	(18,969,267)	21.96
Net Benefits Payable				
		(23,015,741)	(13,375,957)	72.07
Increase in Long Term Insurance Fund				
	1	(2,267,578)	(2,097,314)	8.12
Acquisition Cost				
		(3,477,557)	(3,965,135)	(12.30)
Operating and Administrative Expenses Attributable to Policyholders				
		(79,877)	(103,079)	(22.51)
Interest Expense				
		(1,000,122)	(1,210,168)	(17.36)
Tax expenses				
	25	1,977,222	4,828,763	(59.05)
Surplus from Life Insurance Business				
		1,977,222	4,828,763	(59)
Surplus From Life Insurance Business				
		5,809,480	4,209,522	38
Investment & Other Income not Attributable to Policyholders				
		(347,071)	(335,572)	3
Operating and Administrative Expenses not Attributable to Policyholders				
		-	(1,303)	(100)
Interest Expenses				
		(1,637,798)	(1,069,635)	53
Tax expenses				
Profits From Operations After Interest Expense		5,801,833	7,631,775	(24)

The Notes on pages 104 through 202 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Ceylinco Insurance PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka and its shares are publicly traded on the Colombo Stock Exchange. The registered office and the main place of business of the Company is located at No. 69, Janadhipathi Mawatha, Colombo 1. Additional corporate information is given on page 212.

In the Annual Report of the Board of Directors and in the Financial Statements, "the Company" refers to Ceylinco Insurance PLC as the holding company and "the Group" refers to the companies whose accounts have been consolidated therein.

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka except for one subsidiary (Ceylinco Insurance Company (Pvt) Ltd., Maldives) and one associate (Sagarmatha Lumbini Insurance Co. Ltd.) which are incorporated and domiciled in the Republic of Maldives and the Republic of Nepal respectively.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the group were underwriting of all classes of general insurance, life insurance, healthcare services, fund management, power generation, education and investment holding.

There were no significant changes in the nature of principal activities of the Company and the Group during the financial year under review.

1.3 Ultimate Parent Company

The Company has no identified parent Company.

1.4 Consolidated Financial Statements

The Consolidated Financial Statements of Ceylinco Insurance PLC, as at and for the year ended 31 December 2023

encompass the Company, its Subsidiaries (together referred to as the 'Group') and the Group's interest in Associates.

The assets and liabilities presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

1.5 Reporting Date

The financial statements of all companies in the group are prepared for a common financial year which ends on 31st December 2023 except for few associate Companies.

1.6 Responsibility for Financial Statement

The Board of Directors is responsible for these Financial Statements of the Group/ Company as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. The responsibility of the Directors in relation to the Financial Statements is set out in detail in the Statement of Directors' Responsibility Report in on page 82.

1.7 Date of Authorization for Issue

The Consolidated Financial Statements of Ceylinco Insurance PLC for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 12th March 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA-Sri Lanka) and comply with the requirements of the Companies Act, No. 7 of 2007, the Regulation of Insurance Industry Act, No. 43 of 2000 and amendments thereto, rules and regulations of the Insurance Regulatory Commission of Sri Lanka and

the listing rules of the Colombo Stock Exchange (CSE).

2.2 Basis of Measurement

The Financial Statements have been prepared on accrual basis and under the historical cost except for the following:

- Investment property is measured at fair value
- Available for sale financial assets and financial assets at fair value through profit or loss are measured at fair value
- Land and buildings are stated at revalued amounts
- Defined benefit obligations are actuarially valued and recognised at present value of the defined benefit obligation
- The ultimate cost of outstanding claims (IBNR) of General Insurance business is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter- Ferguson methods
- Life insurance contract liability is valued actuarially and recognized at present value
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability
- Or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

2.3 Materiality & Aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.4 Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan rupees, which is the Company's functional currency. All financial information is presented in Sri Lankan rupees rounded to the nearest thousand.

The functional currency of each entity in the group is Sri Lankan rupees, except for Ceylinco Insurance Company (Pvt) Ltd. Maldives and Sagaramatha Insurance Ltd. whose functional currencies are the Maldivian rufiyaa and the Nepalese rupee respectively.

2.5 Going Concern

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed, the Directors have a reasonable expectation that the Company and the Group possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

2.6 Comparative information

The comparative information is consistently applied during the year.

The Consolidated Financial Statements provide comparative information in respect of the previous financial year. The presentation and classification of assets and liabilities in the Financial Statements of the previous financial year have been amended, where relevant for better presentation and to be comparable with those of the current year.

General Accounting Policies and Notes

Accounting policies relating to each financial statement areas is given along with the relevant notes to the Financial Statements. The other material accounting policies are described below;

2.7 Basis of Consolidation

The Group's Financial Statements comprises, Consolidated Financial Statements for the Company and its Subsidiaries In terms of Sri Lanka Financial Reporting Standards 10 (SLFRS 10); "Consolidated Financial Statements".

3. MATERIAL ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented in these financial statements of the Company and Group.

(a) Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Insurance contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

Likely to be a significant portion of the total contractual benefits

The amount or timing of which is contractually at the discretion of the issuer

That are contractually based on:

- The performance of a specified pool of contracts or a specified type of contract.

- Realised and or unrealised investment returns on a specified pool of assets held by the issuer.
- The profit or loss of the company, fund or other entity that issues the contract.

(b) Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the date. The foreign currency gain or loss on monetary items is the difference between the cost in the functional currency at the beginning of the period adjusted for payments during the period and the cost in the foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation is recognised in income statement. The Group's consolidated financial statements are presented in Sri Lankan rupees which is also the parent company's functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and Balances

Transaction in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to the income statement.

(ii) Group Companies

The assets and liabilities of foreign operations are translated into rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences

NOTES TO THE FINANCIAL STATEMENTS

arising on the translation is recognised in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

(c) Financial Liabilities – Initial Recognition and Subsequent

Measurement

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings, and reinsurance payables.

(d) Cash Flow Statement

The cash flow statement has been prepared using the "direct method".

(e) Impairment of Non-Financial Assets

The carrying amounts of the Group's nonfinancial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in income statement. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have

been determined, net of depreciation or amortisation, if no impairment loss had been recognised..

3.1 New and amended standards and interpretations

The Group applied for the first-time the following standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Definition of Accounting Estimates - Amendments to LKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12
- Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

There is no significant impact of above standards resulted on the financial statements of the group due to changes in Accounting Standards and disclosures during the year.

3.2 Use of Judgments Estimates and Assumptions

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

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

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

Critical Accounting Judgments, Estimates and Assumptions	Disclosure Note	Reference Page
Unearned premium and deferred acquisition cost	24.(b) & 8	166 & 114
Life Insurance contract liabilities	23.(a)	163
Reserve for gross outstanding claims	24.(a)	165
Valuation of investment property	11	126
Leases - Estimating the incremental borrowing rate and determining the lease term of contracts with renewal and termination options	10	124
Deferred tax	18.(b)	158
Measurement of defined benefit obligation	14	147
Revaluation of Land & Building	9	114
Income Tax uncertainty over income tax treatment	45(a) ii	198
Investment in an associate	12(b) i	134

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- ☑ A simplified approach (the premium allocation approach) mainly for short-duration contracts
- ☑ A specific adaptation for contracts with direct participation features (the variable fee approach)

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments:

recognition and Measurement. SLFRS includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company meets the eligibility criteria of the temporary exemption from SLFRS 9 and intend to defer the application of SLFRS 9 until annual reporting periods beginning on or after 1 January 2026.

5. SEGMENT INFORMATION

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The Operating Segments represent this business structure.

For management purposes, the Group is organised into business units based on their products and services and has following reportable operating segments as follows.

- ☑ The Life Insurance Segment offers a wide range of whole life products, Endowment products, term products, universal life products and mortgage protection products.
- ☑ The non-life insurance segment comprises of products namely motor, fire, engineering, marine, employers' liability and miscellaneous.
- ☑ Healthcare Segment includes Healthcare centre for Cancer Screening, Radiation Treatment units and Diabetes Centre.
- ☑ Maldives Foreign operations- this segment offers Non-Life Insurance products in Maldives.
- ☑ Education Services Segment includes Primary, Secondary, High Education courses through various subsidiary companies.

- ☑ Power generation segment business is to generate and distribute Hydro Power to the national grid.

Other segment includes investment holding associate business, investment management & hotel services.

Transaction between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation.

Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The activities of the Group are located mainly in Sri Lanka. Consequently, the economic environment in which the Group operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence disclosure by geographical region is not provided.

NOTES TO THE FINANCIAL STATEMENTS

Segment Income Statement For The Year Ended 31 December 2023

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Adjustments and Operations Eliminations	Total	
	Rs.'000	Rs.'000	Domestic	Foreign						Rs.'000
Gross Premium	33,411,394	25,246,863	5,645,114	-	-	-	-	-	-	64,303,371
Premium Ceded to Reinsurers	(639,875)	(10,705,138)	(5,547,146)	-	-	-	-	-	-	(16,892,159)
Change in Reserve for Unearned Premium	-	(31,074)	190	-	-	-	-	-	-	(30,884)
Net Earned Premium	32,771,519	14,510,651	98,158	-	-	-	-	-	-	47,380,328
Revenue from Non Insurance Subsidiaries	-	-	-	-	378,027	4,641,084	443,972	178,941	(17,120)	5,624,904
Fees and Commission Income	101,657	1,123,157	532,320	-	-	-	-	2,400	(2,400)	1,757,134
Investment Income	27,530,811	4,085,847	132,146	142,887	825,948	8,960	2,009,467	(1,770,862)	32,965,204	
Realised Gains	106,631	37,550	-	-	3,599	-	292	-	-	148,072
Fair Value Gains and Losses	252,009	6,500	-	12,643	-	-	-	(33,100)	238,052	
Other Revenue & Revenue from Non Insurance Subsidiaries	27,991,108	5,253,054	664,466	533,557	5,470,631	452,932	2,191,100	(1,823,482)	40,733,366	
Segment Revenue	60,762,627	19,763,705	762,624	533,557	5,470,631	452,932	2,191,100	(1,823,482)	88,113,694	
Gross Benefits and Claims Paid	(23,425,601)	(11,095,036)	(1,160,657)	-	-	-	-	-	-	(35,681,295)
Claims Ceded to Reinsurers	290,552	3,952,465	1,134,820	-	-	-	-	-	-	5,377,837
Gross Change in Contract Liabilities	(23,015,741)	(1,058,829)	(161,355)	-	-	-	-	-	-	(24,235,925)
Change in Contract Liabilities Ceded to Reinsurers	-	(38,575)	124,978	-	-	-	-	-	-	86,403
Cost of Sales - Non Insurance Subsidiaries	-	-	-	(204,584)	(1,019,718)	(155,546)	(197,619)	-	-	(1,577,467)
Net Benefits and Claims & Cost of Sales - Non Insurance Subsidiaries	(46,150,790)	(8,239,975)	(62,214)	(204,584)	(1,019,718)	(155,546)	(197,619)	-	-	(56,030,446)
Acquisition Cost	(2,267,578)	(2,379,727)	(282,778)	-	-	-	-	-	-	(4,930,083)
Other Operating and Administrative Expenses	(3,824,629)	(5,008,307)	(307,061)	(196,480)	(2,505,538)	(154,739)	(354,565)	(2,710)	(12,354,029)	
Impairment Provision	-	-	-	-	16,777	-	(30,000)	-	-	(13,223)
Finance Costs	(79,877)	(57,439)	(2,942)	-	(211,538)	(53,851)	(3,701)	17,120	(392,228)	
Other Expenses	(6,172,084)	(7,445,473)	(592,781)	(196,480)	(2,700,299)	(208,590)	(388,266)	14,410	(17,689,563)	
Segment Benefits, Claims and Other Expenses	(52,322,874)	(15,685,448)	(654,995)	(401,064)	(3,720,017)	(364,136)	(585,885)	14,410	(73,720,009)	
Share of Profit of Associates	-	-	-	-	-	-	568,551	-	-	568,551
Profit Before Taxation	8,439,753	4,078,257	107,629	132,493	1,750,614	88,796	2,173,766	(1,809,072)	14,962,236	
Taxation	(2,637,920)	(355,251)	(14,427)	(32,577)	(363,907)	(40,388)	(73,000)	83,249	(3,434,221)	
Profit After Taxation	5,801,833	3,723,006	93,202	99,916	1,386,707	48,408	2,100,766	(1,725,823)	11,528,015	

Adjustment and elimination mainly include elimination of inter segment dividend, rent and interest

Segment Income Statement For The Year Ended 31 December 2022

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Operations	Adjustments and Eliminations	Total
	Rs.'000	Rs.'000	Domestic	Foreign						
Gross Premium	29,160,164	24,351,536	4,727,961	-	-	-	-	-	-	58,239,661
Premium Ceded to Reinsurers	(472,197)	(9,742,670)	(4,655,255)	-	-	-	-	-	-	(14,870,122)
Change in Reserve for Unearned Premium	-	63,060	42,313	-	-	-	-	-	-	105,373
Net Earned Premium	28,687,967	14,671,926	115,019	-	-	-	-	-	-	43,474,912
Revenue from Non Insurance Subsidiaries	-	-	-	300,250	3,691,496	183,743	182,003	(13,187)	(13,187)	4,344,305
Fees and Commission Income	205,977	909,249	543,265	-	-	-	2,400	(2,400)	(2,400)	1,658,491
Investment Income	19,373,879	6,601,122	80,246	133,258	508,898	3,704	1,970,003	(1,511,431)	(1,511,431)	27,159,679
Realised Gains	57,960	(20,986)	-	-	69	7,900	3,096	-	-	48,039
Fair Value Gains and Losses	433,422	26,002	-	4,381	-	-	-	(128,958)	(128,958)	334,847
Other Revenue & Revenue from Non Insurance Subsidiaries	20,071,238	7,515,387	623,511	437,889	4,200,463	195,347	2,157,502	(1,655,976)	(1,655,976)	33,545,361
Segment Revenue	48,759,205	22,187,313	738,530	437,889	4,200,463	195,347	2,157,502	(1,655,976)	(1,655,976)	77,020,273
Gross Benefits and Claims Paid	(19,187,616)	(10,670,025)	(1,950,572)	-	-	-	-	-	-	(31,808,212)
Claims Ceded to Reinsurers	218,349	2,846,023	1,795,137	-	-	-	-	-	-	4,859,509
Gross Change in Contract Liabilities	(13,375,957)	(464,328)	781,132	-	-	-	-	-	-	(13,059,153)
Change in Contract Liabilities Ceded to Reinsurers	-	458,047	(665,149)	-	-	-	-	-	-	(207,102)
Cost of Sales -Non Insurance Subsidiaries	-	-	-	(180,329)	(765,532)	(67,191)	(154,059)	-	-	(1,167,111)
Net Benefits and Claims & Cost of Sales -Non Insurance Subsidiaries	(32,345,223)	(7,830,283)	(39,452)	(180,329)	(765,532)	(67,191)	(154,059)	-	-	(41,382,070)
Acquisition Cost	(2,097,314)	(2,158,313)	(301,502)	-	-	-	-	-	-	(4,557,129)
Other Operating and Administrative Expenses	(4,300,707)	(5,469,259)	(288,107)	(170,698)	(1,947,702)	(133,000)	(259,245)	(2,315)	(2,315)	(12,571,033)
Impairment Provision	-	(2,758,529)	-	-	-	-	(23,588)	-	-	(2,782,117)
Finance Costs	(104,382)	(57,509)	(4,298)	(149)	(186,125)	(48,411)	(2,238)	13,187	13,187	(389,925)
Other Expenses	(6,502,403)	(10,443,610)	(593,907)	(170,847)	(2,133,827)	(181,411)	(285,071)	10,872	10,872	(20,300,204)
Segment Benefits, Claims and Other Expenses	(38,847,626)	(18,273,893)	(633,359)	(351,176)	(2,899,359)	(248,602)	(439,130)	10,872	10,872	(61,682,274)
Share of Profit of Associates	-	-	-	-	-	-	943,006	-	-	943,006
Profit Before Taxation	9,911,578	3,913,420	105,171	86,713	1,301,104	(53,255)	2,661,378	(1,645,104)	(1,645,104)	16,281,006
Taxation	(2,279,803)	(144,101)	(14,094)	(10,467)	(169,426)	(59,167)	(216,090)	(131,967)	(131,967)	(3,025,115)
Profit After Taxation	7,631,776	3,769,319	91,077	76,246	1,131,678	(112,422)	2,445,288	(1,777,071)	(1,777,071)	13,255,891

Adjustment and elimination mainly include elimination of inter segment dividend, rent and interest

NOTES TO THE FINANCIAL STATEMENTS

Segment Statement of Financial Position at 31 December 2023

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Operations	Adjustments and Eliminations	Total
	Rs. '000	Domestic	Rs. '000	Foreign						
Intangible Assets (Incl. Goodwill)	260,234	36,930	-	-	67	374,610	-	297	-	672,138
Property, Plant & Equipment	12,819,913	4,432,760	2,328	2,328	510,209	8,964,262	900,310	33,454	3,462,100	31,125,336
Investment Property	4,646,800	2,556,400	-	-	-	-	-	153,332	(3,522,100)	3,834,432
Investment in Associates	2,641,672	-	-	-	-	-	-	6,558,004	112,474	9,312,151
Investments in Subsidiaries	1,511,000	-	-	-	-	-	-	15,896,856	(17,407,856)	-
Financial Instruments	189,300,974	19,217,973	1,290,858	1,290,858	1,247,225	1,967,369	269,207	3,396,109	(581,688)	216,108,027
Reinsurance Assets	683,424	5,250,179	824,293	824,293	-	-	-	-	-	6,757,896
Insurance/Trade Receivables	405,029	7,541,403	2,170,929	2,170,929	3,713	146,854	1,927	-	-	10,269,855
Other Assets	12,477,245	6,509,506	992,715	992,715	12,945	1,506,317	85,540	125,930	(65,339)	21,644,861
Total Assets	224,746,291	45,545,151	5,281,123	5,281,123	1,774,159	12,959,412	1,256,984	26,163,982	(18,002,409)	299,724,695
Insurance Contract Liabilities	158,199,150	15,723,015	990,142	990,142	-	-	-	-	-	174,912,307
Other Liabilities	12,173,828	9,617,594	3,702,805	3,702,805	154,349	6,494,051	506,421	722,876	(396,625)	32,975,299
Total Liabilities	170,372,978	25,340,609	4,692,947	4,692,947	154,349	6,494,051	506,421	722,876	(396,625)	207,887,606

Segment Statement of Financial Position at 31 December 2022

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Operations	Adjustments and Eliminations	Total
	Rs. '000	Domestic	Rs. '000	Foreign						
Intangible Assets (Incl. Goodwill)	317,695	44,986	-	-	113	376,767	-	-	-	739,561
Property, Plant & Equipment	11,835,209	4,322,298	4,306	4,306	563,958	7,328,104	940,013	25,143	3,429,000	28,448,031
Investment Property	4,268,230	2,409,500	-	-	-	-	-	153,332	(3,489,000)	3,342,062
Investment in Associates	2,641,672	-	-	-	-	-	-	6,077,915	112,474	8,832,061
Investments in Subsidiaries	1,211,000	-	-	-	-	-	-	15,896,856	(17,107,856)	-
Financial Instruments	157,785,413	17,498,488	1,050,295	1,050,295	778,516	1,598,699	29,594	4,112,485	(562,792)	182,290,697
Reinsurance Assets	499,816	5,279,902	792,006	792,006	-	-	-	-	-	6,571,724
Insurance/Trade Receivables	368,089	6,843,368	2,606,763	2,606,763	190	273,914	230,532	-	-	10,322,856
Other Assets	12,604,816	6,303,432	867,074	867,074	15,663	1,175,385	30,021	202,210	(65,339)	21,133,264
Total Assets	191,531,940	42,701,974	5,320,444	5,320,444	1,358,440	10,752,869	1,230,160	26,467,941	(17,683,513)	261,680,256
Insurance Contract Liabilities	135,549,176	14,633,114	940,805	940,805	-	-	-	-	(854,352)	150,268,743
Other Liabilities	6,583,751	10,897,310	3,620,027	3,620,027	138,937	5,136,669	524,607	2,115,056	499,855	29,516,212
Total Liabilities	142,132,927	25,530,424	4,560,832	4,560,832	138,937	5,136,669	524,607	2,115,056	(354,497)	179,784,955

5 (a). Summarized information of Material Partly- Owned Subsidiaries

	Energy Lanka Holdings Rs.000'	CEG Education Holdings Rs.000'
Summarized Income Statement for the year ended 31st December 2023		
Revenue	452,932	5,470,631
Cost of Sale	(155,546)	(1,019,718)
Administrative Expenses	(154,739)	(2,488,761)
Finance Cost	(53,851)	(211,538)
Profit Before Tax	88,796	1,750,614
Profit for the year from Continuing Operation		
Total Comprehensive Income	43,769	1,223,764
Attributable to Non-Controlling Interests	89	616,366
Dividends paid to Non-Controlling Interests	-	147,735
Summarized Income Statement for the year ended 31st December 2022		
Revenue	195,347	4,200,463
Cost of Sale	(67,191)	(765,532)
Administrative Expenses	(133,000)	(1,947,702)
Finance Cost	(48,411)	(186,125)
Profit Before Tax	(53,255)	1,301,104
Profit for the year from Continuing Operation		
Total Comprehensive Income	(126,334)	979,691
Attributable to Non-Controlling Interests	(2,742)	517,848
Dividends paid to Non-Controlling Interests	-	111,073
Summarized Statement of Financial Position as at 31 December 2023		
Current Assets	356,674	3,233,967
Non-Current Assets	900,310	9,725,445
Current Liabilities	309,518	5,044,560
Non-Current Liabilities	196,903	1,449,491
Total Equity	742,119	5,147,096
Summarized Statement of Financial Position as at 31 December 2022		
Current Assets	267,804	2,603,882
Non-Current Assets	962,356	8,148,986
Current Liabilities	275,831	2,952,503
Non-Current Liabilities	257,033	3,323,266
Total Equity	697,296	4,477,099
Please refer Note 38 for details of Non-Controlling Interest		
Summarized Statement of Cash Flows information for the year ended 31 December 2023		
Operating Cash Flow	381,977	2,939,416
Investing Cash Flow	(247,383)	(2,184,668)
Financing Cash Flow	(73,148)	11,372
Net Increase /(Decrease) In Cash and Cash Equivalents	61,446	766,120
Summarized Statement of Cash Flows information for the year ended 31 December 2022		
Operating Cash Flow	(51,523)	1,647,142
Investing Cash Flow	4,364	(2,065,205)
Financing Cash Flow	(51,491)	105,111
Net Increase /(Decrease) In Cash and Cash Equivalents	(98,650)	(312,952)

NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL

Year ended 31 December 2023	Group	
	2023	2022
	Rs.'000	Rs.'000
Cost		
At 1 January	379,135	188,057
Acquisition	-	191,078
At 31 December	379,135	379,135
Accumulated Impairment		
At 1 January	6,753	6,753
Impairment during the year	-	-
At 31 December	6,753	6,753
Carrying Amount		
At 31 December	372,382	372,382

The amount represents Goodwill reflected in the CEG Education Holdings (Pvt) Ltd which is included under Education Segment.

The Group performs its annual impairment test as at 31 December of each financial year. The Group considers the net assets position and future cashflows of each operating segment when assessing the recoverable amount. As at 31 December 2023, there were no potential impairment of goodwill except Net Assist International (Pvt) Ltd Subsidiary of CEG Education Holdings (Pvt) Ltd., for which provision has been made. in 2015.

Accounting Judgements, Estimates and Assumptions

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

7. OTHER INTANGIBLE ASSETS

ACCOUNTING POLICY

"Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Computer Software	03 - 05 Years

Intangible assets with infinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Year ended 31 December 2023	Note	Group	
		Computer Software & License	
		2023	2022
		Rs.'000	Rs.'000
Cost			
At 1 January		1,614,163	1,357,493
Cost Capitalised		182,607	256,670
Disposal		(2,007)	-
At 31 December		1,794,763	1,614,163
Accumulated Amortisation and Impairment			
At 1 January		1,246,984	1,037,614
Amortisation During the Period	36	251,709	209,370
Disposal		3,686	-
At 31 December		1,495,007	1,246,984
Carrying Amount			
At 1 January		367,179	319,879
At 31 December		299,756	367,179

7(a) Acquisition of Other Intangible Assets during the year

During the financial year, the Group acquired/capitalised Intangible Assets (Computer Software & License) to the aggregate value of Rs. 182,607,000/- (2022 - 256,670,000). Cash payments amounting to Rs. 182,607,000/- (2022- 256,670,000) were made during the year for purchase of Intangible assets (Computer Software & License).

7(b) Title Restriction on Other Intangible Assets

There are no restrictions that existed on the title of the intangible assets as at the reporting date.

7(c) Assessment of Impairment of Intangible Assets

The Board of Directors has assessed potential impairment indicators of Intangible Assets as at 31st December 2023. Based on the assessment, no impairment indicators were identified.

7(d) Capitalisation of Borrowing Costs

There were no capitalised borrowing costs related to the acquisition of Intangible Assets during the year (2022 - Nil).

7 (e) Fully amortized intangible assets in use

Intangible assets include fully amortized computer software which are in the use of normal business activities having a gross carrying amount of Rs. 556,707,000/- (2022- Rs. 432,256,915).

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED EXPENSES

ACCOUNTING POLICY

Deferred Acquisition Costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums.

DAC for general insurance is amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the income statement. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the income statement. DAC are also considered in the liability adequacy test for each reporting period. DAC are derecognised when the related contracts are either settled or disposed of.

	Group	
	Deferred Acquisition Costs on Insurance Contracts	
Year ended 31 December 2023	2023	2022
	Rs.'000	Rs.'000
At 1 January	1,286,478	1,155,239
Expenses Deferred	2,957,863	2,727,895
Amortisation	(2,805,687)	(2,596,656)
At 31 December	1,438,654	1,286,478

Deferred Acquisition Cost is those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and deferred to the extent that these costs are recoverable out of future premiums.

9. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment is stated at cost or valuation less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

(iii) Depreciation

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The assets are depreciated from the month it is available for use and cease to depreciate from the month of disposal.

The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Buildings	
Buildings	50-70 Years
Improvement on Leasehold Building	04-06 Years
Civil Construction	57-60 Years
Furniture and Fittings	05-10 Years
Office Equipment	03-10 Years
Computer Equipment	02-05 Years
Motor Vehicles	04-05 Years
Plant & Machinery	
Plant & Machinery/Project Equipment	04-30 Years
Medical Equipment	05 Years
Electric Equipment	05 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Revaluations

Revaluation is performed on freehold land and building by professionally qualified valuers using the open market value. Land and buildings are revalued in every three years. Fair values are reviewed at each reporting date to ensure that carrying amount does not differ materially from fair value.

The revaluation surplus is recognised on the net carrying value of the asset and is transferred to a revaluation reserve (on shareholder assets) and to Life Insurance Fund (on policyholder assets) after restating the asset at the revalued amount.

(v) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in income statement in the year the asset is de-recognised. When revalue assets are sold, the amount included in the revaluation reserve are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

Group	Freehold Land	Building	Plant & Machinery	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Capital WIP	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At Cost/Valuation									
At 1 January 2022	10,501,094	7,869,085	2,257,146	3,882,389	1,612,782	956,131	864,465	861,581	28,804,673
Additions/Transfers	2,418,438	1,338,590	26,130	110,996	174,899	173,095	121,533	457,594	4,821,275
Disposals	(6,500)	(91,522)	(9,423)	(76,100)	(56,464)	(127,836)	(29,779)	(954,995)	(1,352,619)
Revaluation	1,530,747	735,249	(342,605)	-	-	-	-	-	1,923,391
At 1 January 2023	14,443,779	9,851,402	1,931,248	3,917,285	1,731,217	1,001,390	956,219	364,180	34,196,720
Additions/Transfers	114,750	2,233,433	75,194	211,983	353,990	109,745	82,587	-	3,181,682
Disposals	(113,490)	(169,743)	-	(89,842)	(64,497)	(164,014)	(19,664)	-	(621,250)
Revaluation	419,900	383,636	-	-	-	-	-	-	803,536
At 31 December 2023	14,864,939	12,298,728	2,006,442	4,039,426	2,020,710	947,121	1,019,142	364,180	37,560,688
Accumulated Depreciation									
At 1 January 2022	-	415,745	900,652	1,884,092	1,212,591	783,810	664,523	-	5,861,413
Depreciation (Note 36)	-	164,434	162,095	302,654	123,561	94,700	80,496	-	927,940
Disposals	-	(90,111)	(1,496)	(36,831)	(54,472)	(126,331)	(26,722)	-	(335,963)
Revaluation	-	(355,168)	(349,533)	-	-	-	-	-	(704,701)
At 1 January 2023	-	134,900	711,718	2,149,915	1,281,680	752,179	718,297	-	5,748,689
Depreciation	-	422,918	170,932	215,117	146,951	80,069	60,105	-	1,096,092
Disposals	-	(34,978)	-	(49,036)	(63,061)	(165,814)	(17,771)	-	(330,660)
Revaluation	-	(78,769)	-	-	-	-	-	-	(78,769)
At 31 December 2023	-	444,071	882,650	2,315,996	1,365,570	666,434	760,631	-	6,435,352
Carrying Amount at Cost/Valuation									
At 1 January 2023	14,443,779	9,716,502	1,219,530	1,767,370	449,537	249,211	237,922	364,180	28,448,031
At 31 December 2023	14,864,939	11,854,657	1,123,792	1,723,430	655,140	280,687	258,511	364,180	31,125,336

Group	Freehold Land Rs.'000	Building Rs.'000
Movement of Revalued Freehold Land and Building if accounted on cost basis		
At Cost		
At 1 January 2023	6,747,670	6,198,141
Additions/Transfers	108,000	138,649
Revaluation	-	-
Disposals	-	-
At 31 December 2023	6,855,670	6,336,790
Accumulated Depreciation		
At 1 January 2023	-	715,456
Depreciation	-	120,772
Disposals	-	-
Revaluation	-	-
At 31 December 2023	-	836,228
Carrying Amount at Cost		
At 1 January 2023	6,747,670	5,482,685
At 31 December 2023	6,855,670	5,500,562

NOTES TO THE FINANCIAL STATEMENTS

9.(a) Details of Freehold Land & Building

Group

Non Life Insurance Business

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Rs.'000	Date of the Valuation
282, High Level Road, Kottawa	862	Condominium	Income/Investment Method	Price per Sq ft	Rs. 100	10,237	2,763	13,000	31-Dec-22
97, Baudhaloka Mawatha, Gampaha	8360	A-0-R-0-P 16.50	Contractors Method	Price per perch	Rs. 4,500,000	74,000	68,000	142,000	31-Dec-22
42/1, Mihidu Mawatha, Kurunegala	7635	A-0-R-0-P 8.2	Contractors Method	Price per Sq ft	Rs. 12000	65,500	68,500	134,000	31-Dec-22
583/ 63 Liyanagemulla , Seeduwa	43080	A-3-R-1-P .3.6	Cost Approach	Price per perch	Rs. 8,000,000	157,000	81,000	238,000	31-Dec-22
60, Yovunpitiya Watte, Gnanawimala Mawatha.Kosgoda , Balapitiya	11282	A-0-R-1-P 29	Contractors Method	Price per Sq ft	Rs800 4500	41,000	63,000	104,000	31-Dec-22
63, Janadhipathi Mawatha, Colombo 1.	0	A-0-R-0-P 13.84	Market Comparable Method	Price per Sq ft	Rs. 7500	304,000	-	304,000	31-Dec-22
3rd,4th, 5th, 7th & 11th Floors of Ceylinco House Building	31326	-	Investment Basis	Rent per Sq.ft per month	Rs. 200-215	-	852,000	852,000	31-Dec-22
69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.									
5th Floor of Ceylinco House Building, 69, "Ceylinco House" Janadhipathi Mawatha, Colombo 1	11323		Investment Basis	Rent Per Sq.ft Rs.	Rs. 200-215		240,000	240,000	31-Dec-22
46 / 34, "VIP Centre", Nawam Mawatha , Colombo 2.	18068	A-0-R-0-P 19.00	Contractor Method	Price per perch	Rs. 16,500,000	313,500	163,201	476,701	31-Dec-22
Madabawita, Warakapola	608	A-O-R-O-P 16.25	Contractor Method	Price per Sq ft	Rs. 10,000	9,000	2,000	11,000	31-Dec-22
Malangama, Kuruwita	643	A-0-R-0-P 15.00P	Contractor Method	Price per Sq ft	Rs. 600,000	9,000	2,500	11,500	31-Dec-22
Induruwa, Kosgoda	856	A-0-R-0-P 24.30	Sales Comparison Approach	Price per Sq ft	Rs. 5000	15,500	-	15,500	31-Dec-22
Ibbegamuwa, Melsiripura	620	A-0-R-1-P 00.00	Contractor Method	Price per perch	Rs. 350,000	14,000	2,500	16,500	31-Dec-22
Bibilioya, Kithulgala	5326	A-0-R-2-P 00.07	Contractor Method	Price per Sq ft	Rs. 5500	28,000	23,033	51,033	31-Dec-22
Puttalam -South, Mundel	705	A-0-R-0-P 20.0	Contractor Method	Price per Sq ft	Rs. 5000-6000	3,000	2,500	5,500	31-Dec-22
Bauddaloka mawatha	28948	1A-0R-0.00P	Sales Comparison Approach	Price per perch &	Rs.11,000,000,	1,760,000	60,000	1,820,000	31-Dec-22
302 & 302 1/1, D.S.Senayake Mw, Knady		A-0, R-0, P-13.5	Contractor Method	Price per Sq ft	Rs.6500	108,000	30,400	138,400	31-Dec-23
Total						2,911,737	1,661,397	4,573,134	

Life Insurance Business

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Value of Rs.'000	Date of the Valuation
No. 115, Greens Road, Negombo	13,169	A-0-R-0-P-15.00	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,300,000 Rs. 13,200	64,500	126,000	190,500	31/12/2023
No. 60, Colombo Road, Kaluwella, Galle	11,385	A-0-R-0-P-15.00	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,200,000 Rs. 10,400	67,600	74,000	141,600	31/12/2023
No. 54, Dharmapala Mawatha, Anuradhapura	22,015	A-0-R-1-P-10.68	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,200,000 Rs. 12,000	212,900	198,100	411,000	31/12/2023
No. 144, Hambahotha Road, Kacheriyagama, Tissamaharama	8,130	A-0-R-1-P-00.00	Replacement Cost Method	Price per perch Price per Sq ft	Rs. 750,000- 2,650,000 Rs. 11,500	68,000	70,100	138,100	31/12/2023
No. 45, Dharmapala Mawatha, Rathnapura	2,560	A-0-R-0-P-35.50	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 2,750,000 Rs. 10,000	97,600	18,600	116,200	31/12/2023
No 163, Dharmapala Mawatha, Rathnapura (New Building)	8,102	-	Contractor's Test Method	Price per Sq ft	Rs. 18,000	-	131,300	131,300	31/12/2023
No. 401, Main street, Panadura	7,116	A-0-R-1-P-4.12	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 500,000 Rs. 17,550	220,600	103,000	323,600	31/12/2023
No. 423, Main Street, Kalutara	12,000	A-0-R-0-P-32.75	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,000,000 Rs. 14,200	98,300	136,000	234,300	31/12/2023
No. 327, Badulla Road, Bandarawela	8,970	A-0-R-0-P-17.01	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 2,000,000 Rs. 12,600	34,000	96,000	130,000	31/12/2023
No. 106, Havelock Road, Colombo 05	61,630	A-0-R-0-P-35.27	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 18,500,000 Rs. 18,600	652,500	888,000	1,540,500	31/12/2023
No. 32, Mistry Hills, Nuwara Eliya	5,227	A-0-R-0-P-26.9	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,120,000 Rs. 10,000	27,200	52,300	79,500	31/12/2023
No15, Rexdias Mawatha, Wennappuwa	8,664	A-0-R-0-P-37.40	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,500,000 Rs. 11,000	56,100	76,000	132,100	31/12/2023
No 91, Baudhaloka Mawatha, Gampaha	9,458	A-0-R-0-P-32.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 6,200,000 Rs. 15,000	201,500	117,000	318,500	31/12/2023
No. 40, Rajapihilla Road, Kurunegala	10,485	A-0-R-0-P-15.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,700,000 Rs. 15,500	57,400	134,000	191,400	31/12/2023
No 90/4, Kurunegala Road, Chilaw	6,385	A-0-R-0-P-30.0	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 775,000 - 1,775,000 Rs. 15,000	38,300	95,800	134,100	31/12/2023
No 406, Galle Road, Rawatawatta, Moratuwa	6,874	A-0-R-0-P-39.70	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,200,000 Rs. 1,430 - 2,000	166,700	12,000	178,700	31/12/2023

NOTES TO THE FINANCIAL STATEMENTS

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Value of Rs.'000	Date of the Valuation
No. 37, 39 & 41, Kannarthiddy Road, Jaffna	4,144	A-0-R-1-P-7.94	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,200,000 Rs. 5,000	153,400	9,300	162,700	31/12/2023
No.22 (New 32), Lloyd's Avenue, Batticaloa	12,317	A-0-R-0-P-23.83	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 2,500,000 Rs. 13,700	59,600	139,000	198,600	31/12/2023
No.2, Gower Street, Colombo-05	2,600	A-0-R-1-P-27.25	Market Comparable Method	Price per perch Price per Sq ft	Rs. 18,500,000 Rs. 10,000	1,244,100	13,000	1,257,100	31/12/2023
No. 20 & 22/3 Kandy Road, Trincomalee	11,310	A-0-R-1-P-20	Investment Method	Price per perch Price per Sq ft	Rs. 1,500,000 Rs. 14,210	90,000	145,000	235,000	31/12/2023
No.38,38/B Rajapilla Road, Kurunegala	-	A-0-R-0-P-23.93	Market Comparable Method	Price per perch	Rs. 3,700,000	88,500	-	88,500	31/12/2023
No.92 & 98 Jampettah Street, Colombo - 13	18,480	A-0-R-1-P-11.22	Market Comparable Method	Price per perch Price per Sq ft	Rs. 5,000,000 Rs. 8,400- Rs. 9,800	256,100	95,100	351,200	31/12/2023
No.70, Park Street, Colombo 02	4,510	A-0-R-1-P-32.4	Replacement Cost Method	Price per perch Price per Sq ft	Rs.18,000,000 Rs. 28,500	1,339,400	121,800	1,461,200	31/12/2023
No.615, Galle Road, Mount Lavinia	4,315	A-0-R-1-P-12.44	Market Comparable Method	Price per perch Price per Sq ft	Rs. 6,750,000 Rs. 7,000	354,000	21,900	375,900	31/12/2023
No.274, Panadura Road, Horana	5,860	A-0-R-0-P-25.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,750,000 Rs. 15,000	95,600	79,100	174,700	31/12/2023
No.65, King Street, Kandy	14,650	A-0-R-1-P-1.125	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 12,000,000 Rs. 8,000	433,100	76,200	509,300	31/12/2023
No.45, Anagarika Dharmapala Mawatha, Matara	7,232	A-0-R-0-P-26.44	Replacement Cost Method	Price per perch Price per Sq ft	Rs. 7,750,000 Rs. 9,000	204,900	32,500	237,400	31/12/2023
No.213, Highlevel Road, Nugegoda	2,250	A-0-R-0-P-23.75	Market Comparable Method	Price per perch Price per Sq ft	Rs. 4,300,000 Rs. 9,800	102,100	19,800	121,900	31/12/2023
No.15A, Jaya Mawatha, Kadawatha	5,914	A-0-R-0-P-19.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 2,500,000 Rs. 14,800	48,800	76,500	125,300	31/12/2023
No.26 Gammedda Road, Jaela	-	A-0-R-0-P-32	Market Comparable Method	Price per perch	Rs. 2,300,000	73,600	182,200	255,800	31/12/2023
192, Horana Road, Piliyandala	5,683	A-0-R-0-P-25.34	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,000,000 Rs. 15,000	101,400	76,700	178,100	31/12/2023

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Valuation Rs.'000	Date of the Valuation
No 43 & 45, Galle Road, Wellawatta, Colombo 6	12,676	A-0-R-0-P-25.31	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 17,000,000 Rs. 3,700 - 11,000	430,300	47,000	477,300	31/12/2023
No.582 Malabe Road Malabe	5,600	A-0-R-0-P-29	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 5,000,000 Rs. 18,000	145,000	95,800	240,800	31/12/2023
No 301, point pedro Rd, Nelliady, Karaveddy	9,462	A-0-R-1-P-4.30	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 850,000 Rs. 15,000	37,700	124,000	161,700	31/12/2023
Mirigama Road, Wewagedara, Divulapitiya.	5,229	A-0-R-0-P-40	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,250,000 Rs. 15,000	50,000	70,600	120,600	31/12/2023
No.301/A, Point Pedro Road, Nelliayddy		A-0-R-1-P-13.78	Contractor's Test Method	Price per perch	Rs. 400,000	21,500	-	21,500	31/12/2023
No. 37,39 & 41, Kanmarthiddy Road, Jaffna (Jaffna New Building)	13,710		Contractor's Test Method	Price per Sq ft	Rs. 12,250		151,000	151,000	31/12/2023
No.746/1/1, Trincomalee Street, Madandawela, Matale		A-0-R-0-P-31	Contractor's Test Method	Price per perch	Rs. 2,755,000 Rs.24,000	85,400	156,900	242,300	31/12/2023
No.115, Greens Road, Negombo	7,345	A-0-R-0-P-37.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,300,000 Rs. 15,700	161,300	115,300	276,600	31/12/2023
No.101, Veyangoda Road, Minuwangoda		A-0-R-0-P-37.23	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,800,000 Rs.21,300	67,000	74,000	141,000	31/12/2023
No 143, Neboda Road, Matugama		A-0-R-1-P-2.74	Market Comparable Method	Price per perch	Rs. 1,250,000	53,400	20,500	73,900	31/12/2023
No. 60, Park Street, Colombo 02	34,854	A-0-R-1-P-2.82	Investment Method	Rent per Sq.ft perRs.	190 - Rs. 280 month	728,000	286,400	1,014,400	31/12/2023
No. 70, Park Street, Colombo 02	4,510		Market Comparable Method	Rent per Sq.ft perRs.	30,000 month	-	136,000	136,000	31/12/2023
Serene Resorts, Bopitiya Road, Uswetakeiyawa		A-2-R-3-P-30	Market Comparable Method	Price per perch	Rs.600,000	282,000	273,700	555,700	31/12/2023
						8,769,400	4,967,500	13,736,900	
Land & Buildings - Ceylinco Insurance PLC and Other Subsidiaries						11,681,137	6,628,897	18,310,034	
Group - Total						3,183,802	5,669,832	8,853,634	
						14,864,939	12,298,728	27,163,667	

The Group uses the revaluation model of measurement of land and buildings. The Land and Buildings of Ceylinco General Insurance Ltd., Ceylinco Life Insurance Ltd., and CEG Education Group were revalued by an independent expert valuers, Mr.W.M.Chandrasena and Mr.W.A.T.I.P.Jayatilake Incorporated valuers, to determine the fair value of its land and buildings on 31/12/2022. However, Ceylinco Life Insurance Ltd. has revalued as at 31/12/2023, certain properties which have indicated increase in fair value significantly during the year. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuation is based on open market prices, adjusted for any difference in the nature, location or condition of the specific property.

NOTES TO THE FINANCIAL STATEMENTS

The net revaluation surplus was transferred to Revaluation Reserve except for the Life Insurance business policyholders' revaluation surplus which was transferred to the Life Fund.

The group has 58 number of buildings.

9.(b) Acquisition of Property, Plant and Equipment during the year

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 3,181,682,000/- (2022 - 4,821,275,000). Cash payments amounting to Rs. 3,181,682,000/- (2022- 3,018,407,000) were made during the year to purchase of PPE.

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used.

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot for Building Depreciation rate for building	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases
Investment Method		
This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases
Contractor's Method		
This method consists of estimating the "Effective Capital Value" of the property and applying to this a rate percent in order to estimate the rental value	Construction cost per square foot for Building	Estimated fair value would increase/ (decrease) if; Effective Capital Value increases/ (decreases)
Replacement Cost		
This method uses the current cost of reproduction or replacement of the asset less deductions for physical deterioration and all relevant forms of Obsolescences.	Price per square foot for Building	Estimated fair value would increase/ (decrease) if: Reproduction or Replacement Costs increase/ (decrease) Deterioration Costs increase/ (decrease)

9.(c) Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated Property, Plant and Equipment which are still in use as at reporting date is as follows;

At 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Plant and Machinery	153,637	5,570
Computer Equipment	323,627	392,392
Office Equipments	918,017	1,106,139
Furniture and Fittings	440,077	495,961
Motor Vehicles	405,552	398,123
	2,247,910	2,398,185

9.(e) Capital Commitments

Capital commitments relating to the acquisition of Property, Plant and Equipment during the year. (Refer Note 45b)

9.(f) Property, Plant and Equipment Pledged as Security for Liabilities

There are no items of Property, Plant and Equipment pledged as securities for liabilities during the year other than those disclosed in Note 46.

9.(g) Title Restriction on Property, Plant and Equipment

There are no restrictions that existed on the title of the Property, Plant and Equipment of the Company as at the reporting date.

9.(h) Assessment of Impairment

The Board of Directors has assessed the potential impairment indicators of Property, Plant and Equipment as at 31st December 2023. Based on the assessment, no impairment indicators were identified.

9.(i) Capitalisation of Borrowing Costs

There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year. (2022 - Nil)

9.(j) Temporarily idle Property, Plant and Equipment

There were no temporarily idle Property, Plant and Equipment as at the year ended 31st December 2023. (2022 - Nil)

NOTES TO THE FINANCIAL STATEMENTS

10. RIGHT OF USE ASSETS

ACCOUNTING POLICY

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Asset Useful Life	Useful Life
Buildings 2 to 10 years	2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 3(e) Impairment of non-financial assets.

iii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Trade and Other Payables (see Note 28)

iv) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building and (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(v) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(vi) Leases

Lease that do not transfer to the company substantially all of the risks and benefits incidental to ownership of the leases items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over lease term.

	Group	
	2023	2022
	Rs.'000	Rs.'000
Cost		
As at 01 January	2,138,905	1,870,346
Addition	275,938	383,683
Derecognition	(61,940)	(115,124)
As at 31 December	2,352,902	2,138,905
Accumulated Depreciation		
As at 01 January	1,252,513	936,195
Depreciation on Right-of-Use Assets	351,949	368,503
Derecognition	(64,765)	(52,185)
As at 31 December	1,539,697	1,252,513
Carrying Value as at 31 December	813,206	886,392

At 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000

The following are the amounts recognised in profit or loss:

Depreciation on right-of-use assets	351,949	368,503
Interest expense on lease liabilities	51,047	104,651

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO THE FINANCIAL STATEMENTS

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of buildings with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

11. INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model, when there are indications of fair value changes in investment property.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

At 31 December	Group			Company	
	Note	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
At 1 January		3,342,062	2,794,482	153,332	153,332
Additions/Transfers		363,661	688,618	-	-
Disposal/Transfers		-	(450,000)	-	-
Fair Value Gains	33	128,709	308,962	-	-
At 31 December		3,834,432	3,342,062	153,332	153,332

As at 31st December 2023, investment properties were valued by qualified valuer Mr.W.M.Chandrasena .

11.(a) Details of Investment Property

Group

Non Life Insurance Business

Addresses	Building Sq. Ft.	Extent Perches	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Building	Total Date of Valuation
						Rs.'000	Rs.'000	Rs.'000
No.34, Muhandiram ED Dabare Mawatha, Colombo-05 (1 Apartment)	2663		Investment Method	Rent per Sq.ft per month	Rs.65/-	-	36,000	36,000 31/12/2023
583/63, Liyanagemulla, Seeduwa	0	2A-2R-21.50P	Residual Method	Price per perch & Price per Sq ft	Rs.500,000/-	110,000	110,000	110,000 31/12/2023
Ceylinco House Prime Residencies 23B1	1423			Rent per Sq.ft per month	Rs.420/-		140,400	140,400 31/12/2023
6th Floor & 7th Floor	16988	0	Investment Method	Price per perch & Price per Sq ft	Rs.215-220		450,000	450,000 31/12/2022
Total						110,000	626,400	736,400

NOTES TO THE FINANCIAL STATEMENTS

Life Insurance Business

Addresses	Building Sq. Ft.	Extent Perches	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Building	Total	Date of Valuation
				Rent per Sq.ft per month	Rs.145 - Rs. 160	Rs.'000	Rs.'000	Rs.'000	Rs.'000
No. 36, Talbot Town, Galle	6,668	A-0-R-0-P-20	Investment Method	Rent per Sq.ft per month	Rs.145 - Rs. 160	140,000	32,000	172,000	31/12/2023
No.24A, New Galle Road, Nambimulla, Ambalangoda	4,614	A-0-R-0-P-20	Investment Method	Rent per Sq.ft per month	Rs.110 - Rs. 150	90,000	27,700	117,700	31/12/2023
No. 428, 428/2/1, R. A. De Mel Mawatha, Colombo 03	8,249	Condominium	Investment Method	Rent per Sq.ft per month	Rs.80 - Rs. 190	-	153,000	153,000	31/12/2023
No. 06, Railway Station Road, Matara	2,982	A-0-R-0-P-25.88	Investment Method	Rent per Sq.ft per month	Rs.80 - Rs. 135	112,600	9,500	122,100	31/12/2023
No. 38 Abdul Gafoor Mawatha Colombo 03	-	A-0-R-1-P-4.5	Investment Method	Price per perch	Rs.18,500,000	823,300	-	823,300	31/12/2023
No. 02 Gower Street Colombo 05	2,610		Investment Method	Price per Sq.ft per	Rs.10,000	-	13,100	13,100	31/12/2023
No. 09 1&9A, Layards Road, Colombo 05	4,120	A-0-R-0-P14.26	Investment Method	Price per Sq.ft per	Rs.8,500	228,200	32,400	260,600	31/12/2023
63 Janadhipathi Mawatha Colombo 1		A-0-R-0-P-13.84	Investment Method	Price per perch	Rs.22,000,000	311,400		311,400	31/12/2023
No. 10, Gower Street, Colombo 05	5,680	A-0-R-0-P-20.25	Investment Method	Price per Sq.ft per	Rs.10,200	334,100	29,000	363,100	31/12/2023
No. 42/1, Dickmon road, Havelock town, Colombo 05	3,885	A-0-R-0-P-20.00	Investment Method	Price per perch	Rs.12,200,000	244,000	116,000	360,000	31/12/2023
No. 1A, Gower Street, Colombo 05	3,260	A-0-R-0-P-10.75	Investment Method	Price per perch	Rs.17,000,000	182,500	17,000	199,500	31/12/2023
Total						2,332,500	412,700	2,944,700	
Investment Property - Ceylinco Insurance PLC						104,288	49,044	153,332	
Group Total						2,546,788	1,088,144	3,834,432	

The fair value of Investment Property reflects the actual market value as at reporting date.

11 (b)

Company

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Building	Total
						Rs.'000	Rs.'000	Rs.'000
No. 2, R.A. De Mel Mawatha, Colombo 04 (Note 11c)	12432	A-0-R-0-P-11	Market Comparable Method	Rent per Sq. ft Per Month or Price per perch	52.50 or 2,500,000	104,288	49,044	153,332
						104,288	49,044	153,332

11.(c) Title Restriction for use

Golden Key Building situated at No 2, R.A.De Mel Mawatha, Colombo 04, which is jointly owned by the Company & Golden Key Credit Card Company Limited, mortgaged to Seylan Bank PLC by Golden Key Credit Card Company Limited to obtain loan facility. (value of the property is amounting to Rs.153Mn). (Refer note 46). The Property was not fair valued as at the reporting date

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used.

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot for Buildings	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases
Investment Method		
This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases

NOTES TO THE FINANCIAL STATEMENTS

12. (a) Investment in Subsidiaries

ACCOUNTING POLICY

Subsidiaries are entities controlled by the Group. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed or has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Especially, the Group controls an investee if, and only if, the Group has:

1. Power over the investee (ie. Existing rights that give it the current ability to direct the relevant activities of the investee)
2. Exposure, or rights, to variable returns from its involvement with the investee
3. The ability to use its power over the investee to affect its return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual agreement with the other vote holders of the investee
2. Rights arising from other contractual agreements
3. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements comprise the financial statements of the Group as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Losses within a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income expenses arising from intra-group transactions and dividends are eliminated in preparing the Consolidated Financial Statements.

Business Combination

Business combinations were accounted for using the acquisition method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments:

Recognition and Measurement, is measured at fair value with changes in fair value recognised either in income statement or as a change to other comprehensive income. If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Loss of Control

When the group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary and any related Non-Controlling interest and other components of equity. Any resulting gain or loss is recognised in income statements. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently, it is accounted for as an Associates or in accordance with the Group's Accounting policy for financial instruments depending on the level of influence retained.

Investments in Subsidiaries are treated as long - term investments and valued at cost in separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December	% of Direct/Indirect Holding		Company Number of Shares		Cost	
	2023	2022	2023	2022	2023 Rs.'000	2022 Rs.'000
Company/Group						
Serene Resorts Ltd.	100%	100%	500,000	500,000	-	-
Ceylinco Healthcare Services Ltd.	99%	99%	-	-	-	-
Ceylinco Investcorp (Pvt) Ltd.	75%	75%	112,500	112,500	1,125	1,125
Ceylinco Insurance						
Company (Pvt) Ltd (Maldives)	79%	79%	12,252	12,252	63,981	63,981
Energy Lanka Holdings Ltd	100%	100%	144,111,973	144,111,973	576,448	576,448
International College of Business & Technology Ltd.	64%	64%	150,000	150,000	1,500	1,500
Ceylinco General Insurance Ltd.	100%	100%	2,501,000	2,501,000	7,348,359	7,348,359
Ceylinco Life Insurance Ltd.	100%	100%	50,000,050	50,000,050	7,811,652	7,811,652
CEG Education Holdings (Pvt) Ltd	63%	63%	2,912,499	2,912,499	64,007	64,007
American Education Centre Ltd.	41%	41%	460,000	460,000	4,600	4,600
Preference Shares						
International College of Business and Technology Ltd.-10%			195,828	195,828	1,958	1,958
International College of Business and Technology Ltd.-08%			2,322,500	2,322,500	23,225	23,225
					15,896,855	15,896,855

Principal place of business of all Subsidiaries' except Ceylinco Insurance Company (Pvt) Ltd Maldives is Sri Lanka. The Principal place of business of Ceylinco Insurance Company (Pvt) Ltd (Maldives) is Maldives.

Summarised financial information material Partly-Owned Subsidiaries are set out in note 5(a)

12. (b) Investment in Associates

ACCOUNTING POLICY

Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies of the associate with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investees.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in income statement.

Investments in Associates are recognised at cost in the separate financial statements of the company and accounted under equity method in financial statements.

Company / Group Investments in Associates

	% of Direct/Indirect Holding		Company Number of Shares		Cost	
	2023	2022	2023	2022	2023	2022
					Rs.'000	Rs.'000
Company						
Unquoted Investments						
Ceylinco Homes International Ltd.	33%	33%	1,300,000	1,300,000	13,050	13,050
Sagarmatha Lumbini Insurance Co. Ltd. (Note 12(b) i)	11.43%	20%	2,997,458	1,076,388	18,557	18,557
Energy Generators (Pvt)Ltd.	23%	23%	86,483,872	86,483,872	60,907	60,907
Company Investments in Associates (At Cost)					92,514	92,514
Group						
Citizens Development Business Finance PLC (Cost)	39.00%	39.00%			876,310	876,310
Kings Hospital Colombo (Pvt) Ltd.	43.69%	43.69%			1,834,000	1,834,000
Negative Goodwill on Acquisition Over Consideration						
Ceylinco Homes International Ltd.					13,218	13,218
Citizens Development Business Finance PLC					14,485	14,485
Group's Share of Associates Companies Retained Assets						
Ceylinco Homes International Ltd.					29,912	27,889
Sagarmatha Lumbini Insurance Co. Ltd.					893,735	979,074
Citizens Development Business Finance PLC					5,648,054	5,155,599
Energy Generators (Pvt) Ltd.					318,919	286,760
Kings Hospital Colombo (Pvt) Ltd.					(408,996)	(447,788)
					9,219,637	8,739,547
Group Investments in Associates (Equity Basis)					9,312,151	8,832,061

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000

Share of Associate's Statement of Financial Position

Total Assets	51,686,707	44,274,907
Total Liabilities	40,045,053	(35,485,356)
Net Assets	11,641,654	8,789,551

Share of Associate's Revenue and Profit

Revenue	10,799,314	9,218,106
Profit	568,551	943,006
Profit attributable to Ordinary Shareholders	568,551	943,006
Share of Associate ownership in Other Comprehensive income	617,765	(249,631)

Principal place of business of Associate Companies' except Sagarmatha Lumbini Insurance Company Ltd is Sri Lanka. The principal place of business of Sagarmatha Lumbini Insurance Company Ltd is Nepal.

Fair Value of Investment in Citizens Development Business Finance PLC is amounted to Rs. 4,775,550,000/- as at 31st December 2023 (2022 - Rs. 4,536,772,500)

12(b) i Sagarmatha Lumbini Insurance Company Ltd is an associate company to the Group due to,

- The Company can appoint members to the board, supervisory board, or significant committees of the investee and that is enough to provide significant influence.
- The Company has the power to veto significant financial and operating decisions.
- The Company share essential technical information with the entity.
- A group of shareholders that holds the majority ownership of the investee operates with the views of the investor.

During the year Company merged due to regulations in Nepal and ownership diluted from 20% to 11.43%.

13. FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Financial Assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available- for-sale financial assets, as appropriate.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the settlement date.

The Group's financial assets include cash and short-term deposits, loans and receivables, quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the income statement.

The Group evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the asset is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

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

The reclassification to held to maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the Effective Interest Rate (EIR).

If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

NOTES TO THE FINANCIAL STATEMENTS

After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold until maturity.

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR method, less impairment. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired

The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (a) The Group has transferred substantially all the risks and rewards of the asset; or
- (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Impairment of Financial Assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, defaulter delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset derecognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs. For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published net asset values.

For financial instruments where there is not an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, net assets, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

The fair value of repo and call deposits with credit institutions is their carrying value. The carrying value is the cost of the investment and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability except for fair value through P&L. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

The Group's Financial Instruments are summarised by categories as follows:

As at 31 December	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Held to Maturity Financial Assets	13(a)	112,058,479	91,950,320	-	-
Loans and Receivables	13(b)	84,849,761	79,378,862	1,330,355	1,118,609
Available-for-Sale Financial Assets	13(c)	14,747,354	10,431,209	1,218,711	1,106,978
Financial Assets at Fair Value Through Profit or Loss	13(d)	4,452,434	530,306	-	-
Total Financial Instruments		216,108,028	182,290,697	2,549,066	2,225,587

Available-for-Sale Financial Assets (AFS) have been valued at fair value

Loans and Receivables (L&R) are valued at amortized cost

Financial Assets at Fair Value Through Profit or Loss have been measured at Fair Value

Held to Maturity Financial Assets measured at amortized cost

The following table compares the fair values of the Financial Instruments to their carrying values:

	Group			
	2023	2023	2022	2022
	Carrying value Rs.'000	Fair value Rs.'000	Carrying value Rs.'000	Fair value Rs.'000
Held to Maturity Financial Assets	112,058,479	112,019,801	91,950,320	69,958,312
Loans and Receivables	84,849,761	84,849,761	79,378,862	79,378,862
Available-for-Sale Financial Assets	14,747,354	14,747,354	10,431,209	10,431,209
Financial Assets at Fair Value Through Profit or Loss	4,452,434	4,452,434	530,306	530,306
Total Financial Instruments	216,108,028	104,049,549	182,290,697	160,298,689

	Company			
	2023	2023	2022	2022
	Carrying value	Fair value	Carrying value	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Loans and Receivables	1,330,355	1,330,355	1,118,609	1,118,609
Available-for-Sale Financial Assets	1,218,711	1,218,711	1,106,978	1,106,978
Total Financial Instruments	2,549,066	2,549,066	2,225,587	2,225,587

13 (a) Held to Maturity Financial Assets

As at 31 December	Note	Group	
		2023	2022
		Rs.'000	Rs.'000
Amortised Cost			
Treasury Bills		34,337,723	11,579,734
Treasury Bonds		77,203,540	71,088,318
Debentures - Quoted	13(a).i	517,216	9,282,268
Total Held to Maturity Financial Assets at Amortised Cost		112,058,479	91,950,320
Fair value			
Treasury Bills		34,511,510	11,605,948
Treasury Bonds		77,015,723	49,080,550
Debentures - Quoted		492,568	9,271,814
Total Held to Maturity Financial Assets at Fair Value		112,019,801	69,958,312

13(a) i Debentures Quoted

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Hatton National Bank PLC	-	2,460,231
Bank of Ceylon	-	205,906
National Development Bank PLC	-	702,034
Sampath Bank PLC	-	1,344,873
Seylan Bank PLC	-	1,579,053
Commercial Bank of Ceylon PLC	517,216	517,267
DFCC Bank PLC	-	1,928,306
Nations Trust Bank PLC	-	544,598
	517,216	9,282,268

NOTES TO THE FINANCIAL STATEMENTS

13 (b) Loans and Receivables

As at 31 December	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Staff Vehicle Loans		481,833	575,811	-	-
Staff Loans other than Vehicle Loans		574,047	665,687	-	-
Repo Investment		625,701	5,623,436	63,398	21,500
Debentures - Unquoted	13(b).i	3,096,106	1,483,776	-	-
Debentures - Quoted		10,378,459	14,452,542	-	-
Term Deposits		69,693,615	56,577,610	1,266,957	1,097,109
Total Loans and Receivables at Amortised Cost		84,849,761	79,378,862	1,330,355	1,118,609

13(b) i Debentures - Unquoted

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Fair Value		
National Savings Bank	1,033,086	1,033,238
Nations Trust Bank PLC	450,891	450,538
Kings Hospital Colombo (Pvt) Ltd	1,612,129	-
	3,096,106	1,483,776

13 (c) Available-For-Sale Financial Assets

As at 31 December	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Treasury Bonds & Bills		12,489,333	7,788,443	712,450	589,092
Unquoted Share Investment	13(c).i.	599,232	597,745	29,611	32,152
Unquoted Preference Share Investment	13.(c).ii.	-	30,000	-	30,000
Quoted Debentures	13.(c).iii	979,859	1,521,272	-	-
Quoted Share Investment		336,325	206,875	476,650	455,734
Unit Trust Investments	13(c).iv.	342,605	286,874	-	-
Total Available-for-Sale Financial Assets at Fair Value		14,747,354	10,431,209	1,218,711	1,106,978

Impairment Provision-Development Bonds

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Development Bonds in USD	-	2,855,017
Provision for impairment for Development Bonds	-	(999,256)
	-	1,855,761
Treasury Bills and Bonds in LKR	12,489,333	5,932,682
	12,489,333	7,788,443

13(c) i Unquoted Share Investment

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Ultratech Cement Lanka (Pvt) Ltd.	544,000	543,158	-	-
Modern Montessorie (Pvt) Ltd	25,621	22,435	-	-
Asset Trust Management (Pvt) Ltd	7,908	7,420	7,908	7,420
Asian Reinsurance Corporation	21,703	24,732	21,703	24,732
	599,232	597,745	29,611	32,152

13(c).ii Unquoted Preference Share Investment

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Ceylinco Homes International (Lotus Tower) 10%	30,000	30,000	30,000	30,000
Provision for impairment for Unquoted Preference Share Investment	(30,000)	-	(30,000)	-
	-	30,000	-	30,000

NOTES TO THE FINANCIAL STATEMENTS

13(c)iii Quoted Debentures

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Sampath Bank PLC	-	252,510
Seylan Bank PLC	238,409	403,460
Commercial Bank of Ceylon	350,946	226,309
Bank of Ceylon	-	1,047
Hatton National Bank PLC	-	57,807
National Development Bank PLC	291,371	252,553
DFCC Bank PLC	-	210,410
Commercial Credit & Finance PLC	99,133	71,630
Asia Asset Finance PLC	-	45,546
	979,859	1,521,272

13(c) iv Unit Trust Investments

As at 31 December	Group			
	2023	2022	2023	2022
	No. of Units	No. of Units	Rs.'000	Rs.'000
ASTRUE Alpha Fund	8,101,069	10,015,648	150,555	173,269
ASTRUE Active Income Fund	497,754	683,644	153,525	82,361
SENFIN Money Market Fund	1,273,699	1,273,699	29,714	23,993
Premier Money Market Fund	314,451	314,451	8,811	7,251
			342,605	286,874

13 (d) Financial Assets at Fair Value Through Profit or Loss

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Fair value		
Treasury Bills	4,329,682	467,092
Unquoted/Quoted Investments	23,123	23,230
Unit Trust	99,629	39,984
Total Financial Assets at Fair Value Through Profit or Loss	4,452,434	530,306

13 (e) Carrying Values of Financial Instruments movement - Company

	Loans and Receivables	Available- For-Sale	Total
	Rs.'000	Rs.'000	Rs.'000
At 1st January 2023	1,118,609	1,106,978	2,225,587
Purchases	7,205,418	90,817	7,296,235
Maturities	(6,973,564)	-	(6,973,564)
Disposals	-	-	-
Foreign Exchange Adjustment	(20,108)	-	(20,108)
Fair Value Gains Recorded in Other Comprehensive Income	-	20,916	20,916
At 31 December 2023	1,330,355	1,218,711	2,549,066

Carrying Values of Financial Instruments - Group

	Held to Maturity	Loans and Receivables	Available- For-Sale	Fair value Through Profit or Loss	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At 1st January 2023	91,950,320	79,378,862	10,431,209	530,306	182,290,697
Purchases	90,075,379	346,914,426	50,629,166	290,906	487,909,877
Maturities	(74,111,403)	(334,431,754)	-	-	(408,543,157)
Disposals	(382,626)	(12,246,460)	(47,288,902)	2,817,088	(57,100,900)
Fair Value Gains Recorded in the Income Statement	-	-	1,294	109,344	110,638
Fair Value Gains Recorded in Other Comprehensive Income	-	-	707,916	-	707,916
Foreign Exchange Adjustment	525,670	451,890	-	-	977,560
Interest accrual adjustment	88,573	308,599	2,367	-	399,540
Amortisation Adjustment	3,912,566	4,474,197	264,304	704,790	9,355,856
At 31 December 2023	112,058,479	84,849,761	14,747,354	4,452,434	216,108,028

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements (i.e., held to maturity and loans and receivables).

Assets for which fair value approximates carrying value

For Financial Assets and Financial Liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fixed Rate Financial Instruments

The fair value of fixed rate Financial Assets and Liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

- For quoted debt instruments the fair values are determined based on quoted market prices.
- For unquoted equity instruments have been fair valued using discounted cash flow method
- For unquoted debt instruments, the carrying value approximates the fair value of the investments

NOTES TO THE FINANCIAL STATEMENTS

13 (f) Determination of Fair Value and Fair Values Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Transfer between levels of the fair value hierarchy,

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	2023			Total Fair Value Rs.'000
	Level 1	Level 2	Level 3	
	Quoted Prices in active markets Rs.'000	Significant Observable Inputs Rs.'000	Significant Unobservable Inputs Rs.'000	

Financial Assets

Financial Assets at Fair Value Through Profit/Loss

Equity Securities	1,045	-	-	1,045
Debt Securities	4,329,682	-	-	4,329,682
	4,330,727	-	-	4,330,727
Available-For-Sale Financial Assets:				
Equity Securities	179,968	-	546,525	726,493
Debt Securities	10,837,358	979,859	-	11,817,217
Unit Trust	-	333,794	-	333,794
	11,017,326	1,313,653	546,525	12,877,504
Total Financial Assest (Insurance Business)	15,348,053	1,313,653	546,525	17,208,231
Financial Instruments at Fair Value -Other Businesses & Ceylinco Insurance PLC	-	-	1,991,557	1,991,557
Total Financial Assest (Group)	15,348,053	1,313,653	2,538,082	19,199,788

	2022			Total Fair Value Rs.'000
	Level 1	Level 2	Level 3	
	Quoted Prices in active markets	Significant Observable Inputs	Significant Unobservable Inputs	
	Rs.'000	Rs.'000	Rs.'000	

Financial Assets**Financial Assets at Fair Value Through Profit/Loss**

Equity Securities	887	-	-	887
Debt Securities	467,092	-	-	467,092
	467,979	-	-	467,979
Available-For-Sale Financial Assets:				
Equity Securities	152,050		543,158	695,208
Debt Securities	6,011,848	1,356,617		7,368,465
Unit Trust	-	224,106	-	224,106
	6,163,898	1,580,723	543,158	8,287,779
Total Financial Assest (Insurance Business)	6,631,877	1,580,723	543,158	8,755,758
Financial Instruments at Fair Value -Other Businesses & Ceylinco Insurance PLC	-	-	2,205,757	2,205,757
Total Financial Assest (Group)	6,631,877	1,580,723	2,748,915	10,961,515

	2023			Total Fair Value Rs.'000
	Level 1	Level 2	Level 3	
	Quoted Prices in active markets	Significant Observable Inputs	Significant Unobservable Inputs	
	Rs.'000	Rs.'000	Rs.'000	

Non Financial Assets**Property Plant and Equipment**

Land	-	-	14,864,939	14,864,939
Building	-	-	12,298,728	12,298,728
	-	-	27,163,667	27,163,667
Investment Property				
Land	-	-	2,546,788	2,546,788
Building	-	-	1,088,144	1,088,144
	-	-	3,834,432	3,834,432
Total Non Financial Assets	-	-	30,998,099	30,998,099

NOTES TO THE FINANCIAL STATEMENTS

	2022			Total Fair Value Rs.'000
	Level 1	Level 2	Level 3	
	Quoted Prices in active markets	Significant Observable Inputs	Significant Unobservable Inputs	
	Rs.'000	Rs.'000	Rs.'000	
Non Financial Assets				
Property Plant and Equipment				
Land	-	-	14,443,779	14,443,779
Building	-	-	9,851,402	9,851,402
	-	-	24,295,181	24,295,181
Investment Property				
Land	-	-	2,886,768	2,886,768
Building	-	-	1,088,144	1,088,144
	-	-	3,586,032	3,586,032
Total Non Financial Assets	-	-	27,637,243	27,637,243

Reconciliation of Movements in Level 3 Financial Instruments Measured at Fair Value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 financial assets which are recorded at fair value:

Insurance Business	At 1 January 2023	Total Gains/(Loss) Recorded in Other Comprehensive Income	Additions/ Disposals	At 31 December 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

Financial Assets

Available-For-Sale Financial Assets:

Equities	543,158	842	-	544,000
Total Level 3 Financial Assets	543,158	842	-	544,000

Significant unobservable inputs used to valuation of unquoted investments is as follows

	% 2023	% 2022
Growth Rate	5.5	2.3
Discount Rate	23.0	20.0

3 (g) A quantitative sensitivity analysis for significant assumption as at 31 December 2023 as shown below Sensitivity

Sensitivity Analysis	10% Increase	10% Decrease
1. Revenue growth at terminal value	Rs.16Mn	(Rs.3.1Mn)
2. Weighted Average cost of capital	(Rs.88.5Mn)	(Rs.115.6Mn)

(h) Financial Instruments not under the fair value measurement hierarchy

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short-term in nature or re - prise to current market rates frequently.

Assets	Liabilities
Cash and Cash Equivalents	Reinsurance Creditors
Repo	Interest Bearing Loans & Borrowings
Reinsurance Receivables	
Premium Receivables	
Loan to Policyholders	

14. GRATUITY BENEFIT LIABILITY/(ASSET)

ACCOUNTING POLICY

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions (%) into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution pension plan are recognised as an employee benefit expense in income statement when they are due.

Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

However, according to the Payment of Gratuity Act No. 12 Of 1983, the liability for gratuity payments to an employee arises on the completion of five years of continued service with the Company.

This note indicates the assumptions used and the movement in the Employee Benefit Plan. As at 31 December 2023 the Gratuity Liability was actuarially valued under the Projected Unit Credit Method (PUC) by M/S.K.A.Pandit Actuarial valuer. The valuation performed annually.

NOTES TO THE FINANCIAL STATEMENTS

The amounts recognised in the Income Statement relevant to Insurance Business are as follows:

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Current Service Cost	147,218	18,403
Interest Cost on Benefit Obligation	430,726	346,915
Expected Return on Plan Assets	(1,872,548)	(1,150,050)
	(1,294,604)	(784,732)
Net Actuarial Gain/ (Loss) recognised in the Other Comprehensive Income	(1,588,024)	(233,508)

The amounts recognised in the Statement of Financial Position relevant to Insurance Business at the reporting date are as follows:

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Present Value of the Defined Benefit Obligation	(3,208,263)	(2,419,815)
Fair Value of Plan Assets	12,116,396	10,519,932
Total Net Defined Benefit Asset	8,908,133	8,100,117

The Movement in the Defined Benefit Liability is as follows:

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
At 1 January	2,829,073	3,155,902
Current Service Cost	211,889	49,238
Interest Cost	485,761	390,129
Underprovision for previous year	-	2,581
Benefits Paid	(270,646)	(470,776)
Actuarial (Gains)/ Losses	476,183	(307,118)
Acquired through Subsidiaries	-	3,289
Transferred to Payable	-	5,828
At 31 December	3,732,260	2,829,073
Defined Gratuity Benefit Obligation of the Insurance Business	(3,208,263)	(2,419,815)
Gratuity Liability -Other Subsidiaries	523,997	409,258

The Movement in the Defined Benefit Liability is as follows:

As at 31 December	Company	
	2023	2022
	Rs.'000	Rs.'000
At 1 January	36,243	25,201
Current service cost	15,397	11,042
Gratuity Liability -Company	51,640	36,243

The Gratuity Benefit Liability of the Insurance Businesses is valued by M/S.K.A.Pandit Actuarial valuer.

The average duration of the defined benefit plan obligation at the end of the reporting period is 21 years.

The Movement in the Plan Assets is as follows:

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
At 1 January	(10,519,932)	(9,519,386)
Expected Return on Plan Assets	(1,872,548)	(1,150,050)
Actuarial Gains	1,125,914	309,093
Benefit Paid	62,057	375,756
Contribution Paid by Employer	(911,886)	(535,345)
At 31 December	(12,116,396)	(10,519,932)

The distribution of the Plan Assets at the reporting date is as follows:

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Investment in Shares	8,034,150	7,245,467
Other Assets	4,082,246	3,274,463
Total Plan Assets	12,116,396	10,519,932

Gratuity funds' Plan Assets include investment in equity shares of Ceylinco Insurance PLC, market value amounting to Rs.2,121,025,031 as at the reporting date.(2022 - Rs. 1,947,446,137).

The overall expected rate of return on assets is determined based on market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal actuarial assumptions used in determining the Gratuity Benefit Obligation for the Group's plan assets are as follows:

	2023	2022
Future Salary Increases	10%-12%	15%-16%
Discount Rate	12.6%-14%	17%-18%
Expected Rate of Return on Plan Assets	12.60%	17.80%
Retirement Age	60 years	60 Years

NOTES TO THE FINANCIAL STATEMENTS

Changes in the Defined Benefit Obligation and Fair Value of Plan Assets

Group 2023	Amount Charged to Income Statement				Remeasurement Gains/(Losses) in Other Comprehensive Income							
	1-Jan-23 Recognition of Plan assets	Service Cost	Net Interest included in Profit or Loss	Subtotal included in Profit or Loss	Benefit Paid	Assets transferred	Return on Assets (Excluding amounts included in Net Interest Expenses)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments	Subtotal Contribution included in OCI by Employers	31-Dec-23	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(2,419,817)	(147,218)	(430,726)	(577,945)	251,606	-	-	(119,468)	(342,642)	(462,110)	-	(3,208,263)
Fair Value of Plan Assets	10,519,933	-	-	-	(62,057)	-	1,872,548	-	(1,125,914)	(1,125,914)	911,886	12,116,396
Benefit Assets/(Liability)	8,100,117	(147,218)	(430,726)	(577,945)	189,549	-	1,872,548	(119,468)	(1,468,556)	(1,588,024)	911,886	8,908,133

Group 2022	Amount Charged to Income Statement				Remeasurement Gains/(Losses) in Other Comprehensive Income							
	1-Jan-22 Recognition of Plan assets	Service Cost	Net Interest included in Profit or Loss	Subtotal included in Profit or Loss	Benefit Paid	Assets transferred	Return on Assets (Excluding amounts included in Net Interest Expenses)	Actuarial Changes Arising from Changes in Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments	Subtotal Contribution included in OCI by Employers	31-Dec-22	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(2,848,341)	(18,403)	(346,915)	(365,318)	447,384	-	-	175,739	170,719	346,458	-	(2,419,817)
Fair Value of Plan Assets	9,519,386	-	-	-	(104,882)	-	1,150,050	-	(579,966)	(579,966)	535,345	10,519,933
Benefit Assets/(Liability)	6,671,045	(18,403)	(346,915)	(365,318)	342,502	-	1,150,050	175,739	(409,247)	(233,508)	535,345	8,100,117

A quantitative sensitivity analysis for significant assumptions as at 31 December 2023 is shown below:

Sensitivity Analysis	Discount Rate		Future Salary Increment Rate	
	Increase 1% Rs.000	Decrease 1% Rs.000	Increase 1% Rs.000	Decrease 1% Rs.000
Impact on Defined Benefit Obligation -2023	(231,942)	266,183	269,224	(238,214)
Impact on Defined Benefit Obligation -2022	(199,193)	228,138	231,933	(205,589)

Following payments are expected contributions to the Defined Benefit Plan Obligation in the future years.

	2023	2022
	Rs.'000	Rs.'000
Within the next 12 Months	549,541	63,056
Between 2 and 5 Years	503,148	633,373
Between 6 and 10 Years	2,444,608	2,067,576
Sum of Years 11 and above	10,647,510	21,789,999

15. PENSION BENEFIT OBLIGATION

ACCOUNTING POLICY

Pensions and Other Post-Employment Benefits

The Group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method. Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to income statement in subsequent periods.

Past service costs are recognised in income statement on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring- related costs

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly.

Plan assets are assets that are held by a long- term employee benefit fund. Plan assets are not available to creditors of the Group nor can they be paid directly to the Group.

Fair value is based on market price information and, in the case of quoted securities, it is the published market price. The value of any defined benefit asset is restricted to the sum of any past service cost and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The amount recognised as defined benefit liabilities has been netted with the fair value of the plan assets of the reporting period. Any surplus in plan assets has been measured based on the requirements of LKAS 19 – Employee Benefits, Para 58 and IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Actuarial gains and losses for the defined benefit plans are recognised in full in the period in which they occur in other comprehensive income.

However, according to the Payment of Gratuity Act No. 12 Of 1983, the liability for gratuity payments to an employee arises on the completion of five years of continued service with the Company. The provision is externally funded.

The Group has two Defined Benefit Pension Plans, both of which require contributions to be made to separately administered funds namely Pension Trust Fund of Ceylinco Insurance PLC and Pension Fund of Ceylinco Insurance PLC.

NOTES TO THE FINANCIAL STATEMENTS

Changes in the Defined Benefit Obligation, Fair Value of Plan Assets and Unrecognised past service costs.

Group 2023	Amount Charged to Income Statement				Remeasurement Gains/(Losses) in Other Comprehensive Income								
	1-Jan-23 Recognition of Plan Assets	Service Cost	Net Interest Included in Profit/Loss	Sub Total	Benefit Paid Plan Assets (Excluding amounts in Net Interest Expenses)	Return on Past Service Costs Recognised in Statement	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments in OCI	Sub Total Contributions included by Employer				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000				
Defined Benefit Obligation	(576,124)	-	(83,909)	(83,909)	17,946	-	(48,511)	101,510	(79,696)	(45,675)	(23,861)	-	(665,948)
Fair Value of Plan Assets	3,641,546	-	378,624	(17,946)	269,569	-	264,801	(326,752)	-	(239,769)	(566,521)	64,769	3,770,041
Total Recognised Benefit (Liability) / Asset	3,065,422	-	(83,909)	294,715	-	269,569	216,290	(225,242)	(79,696)	(285,444)	(590,382)	64,769	3,104,093
Group 2022	Amount Charged to Income Statement				Remeasurement Gains/(Losses) in Other Comprehensive Income								
	1-Jan-22 Recognition of Plan Assets	Service Cost	Net Interest Included in Profit/Loss	Sub Total	Benefit Paid Plan Assets (Excluding amounts in Net Interest Expenses)	Return on Past Service Costs Recognised in Statement	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Experience Adjustments in OCI	Sub Total Contributions included by Employer				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000				
Defined Benefit Obligation	(1,592,813)	-	(1,610)	(123,823)	220,074	-	(69,558)	(3,072)	903,810	19,700	920,438	-	(576,124)
Fair Value of Plan Assets	3,646,058	-	177,295	(220,074)	114,389	-	109,621	(96,229)	(99,301)	(67,814)	(164,043)	87,921	3,641,546
Total Recognised Benefit (Liability) / Asset	2,053,242	-	(175,685)	53,472	-	114,389	40,063	(99,301)	903,810	(48,114)	756,395	87,921	3,065,422

A quantitative sensitivity analysis for significant assumption as at 31 December 2023 as shown below.

Sensitivity level	Change in Discounting Rate	
	Increase	Decrease
	1%	1%
Impact on define benefit obligation 2023	(9,833,864)	10,856,417
Impact on define benefit obligation 2022	(2,862,000)	3,100,000

The distribution of the Plan Assets at the reporting date is as follows:

	2023	2022
	Rs.000	Rs.000
Investment in shares	1,937,463	2,008,890
Others*	1,832,578	1,632,656
	3,770,041	3,641,546

*Others include Fixed Deposit, Interest Receivable and others

Projected Pension Benefit Obligation has been valued based on Projected Unit Cost Method.

Actuarial Gains and Losses have been recognised immediately in the Statement of Other Comprehensive Income.

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below:

		2023	2022
Discount Rate	Current	12.60%	17.80%
Rate of Return on Plan Assets		12.60%	17.80%
Salary Escalation Rate	Scheme A,B &D	0	0%
	Scheme C	11%	15%
Attrition Rate		0%	1%
Retirement Age	Scheme A	60 Yrs	60 Yrs
	Scheme B, C &D	55Yrs	55Yrs
Mortality Table		IALM2012/14	IALM2006/08

Plan Assets include investment in equity shares of Ceylinco Insurance PLC, market value amounting to Rs. 1,937,462,000/- at the Reporting date. (2022 - Rs.2,008,890,000/-).

NOTES TO THE FINANCIAL STATEMENTS

16. REINSURANCE RECEIVABLES

ACCOUNTING POLICY

Reinsurance

Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsurance policy.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and is recognized in income statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer.

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Reinsurance of Insurance Contracts	6,757,896	6,571,724
Total Reinsurance Receivables	6,757,896	6,571,724

The carrying amounts disclosed above is in respect of the reinsurance of insurance contracts approximate fair value at the reporting date.

17. LOANS TO POLICY HOLDERS

Policyholder Loans are granted up to 90% of the surrender value of a Life Insurance Policy at a rate equivalent to market rate.

Policyholder loans are initially measured at Fair value of Loan amount granted and subsequently measured at the amortised cost. If the policyholder dies before the full repayment of the loan, the loan balance is deducted from the death benefit.

Policyholder Loans are reviewed for impairment at each reporting date. Loans receivable as at reporting date as follows :

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
At 1 January	2,703,623	1,561,981
Loans Granted During the Period	3,179,047	2,397,597
Repayment During the Period	(2,951,689)	(1,255,955)
At 31 December	2,930,981	2,703,623

17(a).i Fair value of Loans to Life Policyholders

The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates.

17(a).ii Concentration risk of Loans to Life Policyholders

There is lower concentration of credit risk with respect to policyholders, as the Group has a large number of dispersed receivables.

The total receivable of the loan, including interest due and accrued, exceeds the cash surrender value, the policy terminates and becomes void.

17(a).iii Impairment of Loans to Life Policyholders

The Board of Directors has assessed the potential impairment loss of Loans to Life Policyholders as at 31st December 2023.

Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of Loans to Life Policyholders.

17(a).iv Number of Policy Loans

Number of policy loans due as at 31 December 2023 was 29,492 (2022 - 31,755)

17(a).v Collateral Details

The Group does not hold any collateral as security against potential default by policyholders other than surrender value.

18. TAXATION**ACCOUNTING POLICY****Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Inland Revenue Act No. 24 of 2017 and amendments thereto are applied in determining the taxable income/loss of the Company and its subsidiaries.

Certain Subsidiaries of the Company are tax exempt and tax liable under concessionary rates (Refer Note No. 38).

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (a) When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales Taxes and Premium Taxes

Revenues, expenses and assets are recognised net of the amount of sales taxes and premium taxes except:

Where the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables that are stated with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Tax Receivable					
At 1 January		28,857	7,145	-	-
Amounts recorded in the Income Statement	38 (a)	(3,701,803)	(2,914,775)	(82,530)	(205,591)
Notional Tax Recognised		-	492,910	-	-
Payments made on-account during the year		1,751,911	388,456	38,450	99,996
At 31 December		(1,921,036)	(2,026,264)	(44,080)	(105,595)
Payable balance included under Trade & Other payable (Note 28)		1,929,147	2,055,121	44,080	105,595
At 31 December		8,111	28,857	-	-

There is a tax appeal relating on VAT on Reinsurance Recoveries and there is a tax intimation on life insurance taxation. (Refer Note 45 a i and 45 a ii)

18 (a) Deferred Tax Asset- Group

As at 31 December	Other Comprehensive Income Statement		Income Statement		Statement of Financial Position	
	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Losses Carried Forward	-	-	16,400	(148)	16,548	148
Temporary Difference from Retirement Benefit Liability	-	512	15,979	(1,364)	26,769	8,702
Temporary Difference from Property Plant and Equipment	-	-	3,333	74	383	450
Available For Sale Financial Assets	(104,360)	104,606	-	-	418	104,606
Temporary Difference from allowance for Impairment	-	-	172	2,040	2,041	2,040
Temporary Difference from Allowance for net of ROU & Lease creditors	-	-	-	2,699	-	3,988
Deferred Tax Expense/(Income)	(104,360)	105,118	35,884	3,301	-	-
Deferred Tax Asset	-	-	-	-	46,159	119,934

Total Deferred Tax Assets

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
At 1 January	119,934	8,957
Transfer from Liability	(5,299)	2,558
Amounts recorded in the Income Statement	35,884	3,301
Amounts recorded in Other Comprehensive Income	(104,360)	105,119
At 31 December	46,159	119,934

A Deferred Tax Asset is recognised for a tax loss carried forward only to the extent that realisation of the related tax benefit is probable.

NOTES TO THE FINANCIAL STATEMENTS

18(b) Deferred Tax Liabilities- Group

As at 31 December	Other Comprehensive Income Statement		Income Statement		Statement of Financial Position	
	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Losses Carried Forward	-	-	(18,948)	-	(49,002)	(78,061)
Temporary Difference from Retirement Benefit Obligation	(3,446)	68,096	(56,120)	(123,690)	(658,301)	(415,277)
Temporary difference from Investment Property	-	-	(82,561)	33,792	554,164	649,327
Temporary Difference from Property Plant and Equipment	-	-	89,805	104,464	530,039	293,104
Temporary difference form Intangible assets	-	-	(172)	9,662	11,079	11,251
Revaluation Reserve	186,863	756,901	(7,064)	-	1,344,909	1,371,900
Temporary Difference from Allowance for impairment	-	-	(48,418)	(51,328)	225,095	(91,678)
Right of Use Asset	-	-	(3,380)	(1,618)	(8,586)	(5,206)
Available For Sale Financial Assets	183,776	(104,855)	-	-	133,473	(53,094)
Temporary Difference from Retained Reserves of Associates	-	-	(93,640)	142,360	525,155	690,172
Acquisition from Subsidiaries	(4,066)	-	-	-	545	89,771
Unrealised exchange gain	-	-	(11,196)	-	(11,196)	-
Deferred Tax Expense/(Income)	363,127	720,142	(231,694)	113,641	-	-
Deferred Tax Liability	-	-	-	-	2,597,374	2,462,209

Total Deferred Tax Liability

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
At 1 January	2,242,209	1,500,188
Transfer from liability	3,732	38,466
Amounts recorded in the Income Statement	(231,694)	113,641
Amounts recorded in Other Comprehensive Income	363,127	720,142
Amount Reclassified from Deferred Tax Asset	-	89,771
At 31 December	2,597,374	2,462,209

The Inland Revenue Act No 24 of 2017 applied in determining the differed tax asset/liabilities of the group. And amendments in line with the inland revenue (amendments) Act no 45 of 2022 were considered to calculate the deferred tax assets/liability of the group.

19. INSURANCE RECEIVABLES/TRADE DEBTORS

ACCOUNTING POLICY

Insurance Receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables are derecognised when the derecognising criteria for financial assets have been met.

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Premium Receivables	10,297,042	10,001,563
Due from Trade Debtors	152,494	504,636
Provision for impairment	(179,681)	(183,343)
	10,269,855	10,322,856

19(a). Credit Quality of Premium Receivables/Trade Debtors that are neither past due nor impaired is explained below;

As at 31 December	Group		
	Below 60 days	Above 60 days	Total
	Rs.'000	Rs.'000	Rs.'000
2023	7,562,400	2,707,455	10,269,855
2022	7,053,535	3,269,321	10,322,856

In the age analysis Loans to policyholders are not included.

The Group considers a financial asset in default when contractual payments are long due, based on industry practices and management judgement. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER ASSETS

ACCOUNTING POLICY

Other Assets

Inventories

Inventories include all consumable items and are measured at the lower of cost and net realisable value. Cost is generally determined by reference to weighted average cost. Net realizable value is the estimated market price in the ordinary course of business less any estimated expense to sell.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae.

Stationery	} First in First out Basis
Course Materials	
Spare Parts	

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Advances, Deposits & Prepayments	980,411	2,451,633	5,256	5,254
Inventories	308,508	343,138	-	-
Deferred Staff Benefits	67,426	72,985	-	-
Other Receivables	161,112	343,273	-	-
	1,517,457	3,211,029	5,256	5,254

21. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and cash at bank. Bank overdrafts are included in the statement of financial position under current liabilities.

For cash flow purposes, cash and cash equivalents are presented net of bank overdraft.

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Favourable Balances				
Cash in Hand and at Bank	2,878,065	1,731,412	225	152
Unfavourable Balance				
Bank Overdraft	(1,137,467)	(1,389,874)	(130,366)	(85,594)
Total Cash and Cash Equivalents	1,740,598	341,538	(130,141)	(85,442.00)

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

22(a) Stated Capital

ACCOUNTING POLICY

Stated Capital

The Group has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Issued & Fully Paid				
Ordinary shares - Voting 21(a).i	200,000	200,000	200,000	200,000
Ordinary shares - Non Voting 21(a).ii	1,122,534	1,122,534	1,122,534	1,122,534
Share Premium 21 (a).iii	2,288	2,288	2,288	2,288
	1,324,822	1,324,822	1,324,822	1,324,822

The holders of ordinary shares - voting are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22 (a) i Ordinary Shares - Voting

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
20,000,000 Ordinary Shares Voting	200,000	200,000	200,000	200,000
	200,000	200,000	200,000	200,000

22 (a) ii Ordinary Shares - Non - Voting

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
6,414,480 Ordinary shares - Non-Voting	1,122,534	1,122,534	1,122,534	1,122,534
	1,122,534	1,122,534	1,122,534	1,122,534

NOTES TO THE FINANCIAL STATEMENTS

22 (a) iii Share Premium

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at year end	2,288	2,288	2,288	2,288
	2,288	2,288	2,288	2,288

22(b) Other Reserves

As at 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Retained Reserves	2,057,437	2,057,437	2,057,437	2,057,437
Available for Sale Reserve	835,833	(77,943)	267,138	248,764
Foreign Currency Translation Reserve	92,399	357,117	-	-
	2,985,669	2,336,611	2,324,575	2,306,201

Other Retained Reserves represent General reserves.

23. INSURANCE CONTRACT LIABILITIES

As at 31 December	Note	Group	
		2023	2022
		Rs.'000	Rs.'000
Life Insurance Contracts	23(a)	156,683,565	134,031,487
Non-life Insurance Contracts	24	16,713,157	15,573,919
Total Insurance Contract Liabilities		173,396,722	149,605,406

Unearned Premium Reserve included in Non-Life Insurance Contract Liabilities had been presented on net basis.

The actuaries have performed Liability Adequacy Test in accordance with SLFRS -4 Insurance Contracts requirements.

23 (a) Life Insurance Contract Liabilities

ACCOUNTING POLICY

These liabilities are calculated as the total of best estimate liability and a risk margin for adverse deviation. The best estimate liabilities are measured by using the gross premium method.

The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees, investment income from assets backing such liabilities and investment management expenses, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows, based on the valuation assumptions used, charges and fees. Adjustments to the liabilities at each Reporting date are recorded in the Income Statement in "gross change in contract liability".

The liability is released when the contract expires, discharged or cancelled.

At each Reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, by using an existing liability adequacy test in accordance with SLFRS 4.

Insurance and investment contracts are further classified as being either with or without discretionary participating features (DPF).

DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- the amount or timing of which is contractually at the discretion of the issuer; and that are contractually based on:
- the performance of a specified pool of contracts or a specified type of contracts;
- realised and or unrealised investment returns on a specified pool of assets held by the issuer; and
- the profit or loss of the Company, fund or other entity that issues the contract.

IRCSL regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders.

"At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders) and the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the Appointed Actuary. All DPF liabilities including unallocated surpluses, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

23(a) Life Insurance Contract Liabilities

	Insurance Contract Liabilities with DPF Rs.'000	Insurance Contract Liabilities without DPF Rs.'000	Total Gross Insurance Contract Liabilities Rs.'000
At 1 January 2023	69,321,135	64,710,351	134,031,486
Gross Premium Income	5,129,801	28,281,593	33,411,394
Premiums Ceded to Reinsurers	(12,469)	(627,406)	(639,875)
Liabilities Paid for Death, Maturities, Surrenders, Benefits and Claims	(7,511,515)	(15,623,886)	(23,135,401)
Investment Return	9,406,286	12,784,382	22,190,668
Reinsurance Commission Income	4,272	(13,312)	(9,040)
Other Operating and Admin Expenses including Income Tax	(2,459,690)	(2,139,640)	(4,599,330)
Underwriting and Net Acquisition Cost	(397,121)	(1,828,331)	(2,225,452)
Net transfer to Shareholder	(177,222)	(1,800,000)	(1,977,222)
Increase in Pension Saver Fund	-	2,519,538	2,519,538
Revaluation Reserve and AFS Reserve transferred to Life Fund	731,059	(3,614,260)	(2,883,201)
At 31 December 2023	74,034,536	82,649,029	156,683,565

NOTES TO THE FINANCIAL STATEMENTS

The valuation of the Life Insurance business as at 31 December 2023 was carried out by our Consulting Actuary, Mr Vivek Jalan, FIA, on behalf of Willis Towers Watson. In the opinion of the Consulting Actuary, proper reserves have been provided for all known liabilities in respect of the Life Insurance business and the Company has adequate financial resources to cover its capital requirements in accordance with the Solvency Margin (risk-based capital) Rules 2015 dated 15th December 2015.

Following the actuarial valuation as at 31 December 2023 the Consulting Actuary has approved a transfer of Rs. 1.97 Bn (2022 - Rs. 4.83 Bn) from the Life Fund to the Shareholder's Retained Profit Account.

The Company's Capital Adequacy Ratio (CAR) as at 31 December 2023 is 344% (2022- 298%) and is well above the minimum requirement of 120%.

23. (b) Restricted Regulatory Reserve

Restricted Regulatory reserve is created as result of One-Off Surplus generated due to change in valuation method from 'Net Premium Valuation' to 'Gross Premium Valuation' as specified in Direction 16, issued by IRCSL on 20th March 2018, for identification and treatment of One-Off Surplus. Complying with the same, the transfer made from policyholders' to Shareholders' fund is limited to surplus generated from other than participating business, whereas the surplus generated from the participating business will be maintained within the participating fund.

The basis for computation of one-off surplus is in line with the Direction issued by IRCSL titled "Directions on the Identification and Treatment of One-off Surplus" dated 20th March 2018.

The Company's One-off Surplus is equal to the minimum One-off Surplus prescribed in the recommendations in the Direction issued by the IRCSL. The basis is same for both participating business and other than participating business.

The One-Off Surpluses in amounts, created for participating business and other than participating business are as follows:

Line item	One-off Surplus Rs.000
Participating Business	2,736,685
Other than Participating Business	3,456,184
Tabarru Reserve	1,920
Total	6,194,789

Distribution of One-Off Surplus to Shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon receiving approval from IRCSL. The One-Off Surplus in the SHF will remain invested in assets in below note as per directions of IRCSL.

One-off surplus of participating business amounted to Rs. 2,736,685,339/- will be held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholders by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No.43 of 2000".

The composition of the assets, which will be held to support the Restricted Regulatory Reserves (One-off Surplus for other than participating business) as at 31 Decemebr 2023 are disclosed below at their market values:

Assets	Market Value (Rs. 000)
Government Debt Securities	1,234,486
Deposits	
Peoples' Bank	1,615,027
Bank of Ceylon	653,753
Total	3,503,266

24. Non-Life Insurance Contract Liabilities

Non-life Insurance Contract Liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision comprises of reserve for the net unearned premium, reserve for the deferred acquisition cost (net), reserve for gross outstanding claims and the incurred but not reported (IBNR) provision. Unearned premium, deferred acquisition cost and the reserve for gross outstanding claims are stated according to the industry practices whereas the IBNR reserve is decided by an independent external actuary to estimate the outstanding liabilities as of reporting date.

At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed as laid out under SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

As at 31 December	Note	2023	2022
		Insurance Contract Liabilities Rs.'000	Insurance Contract Liabilities Rs.'000
Provision for Reported Claims by Policyholders		8,661,281	7,664,995
Provision for Claims IBNR/IBNER		711,696	599,626
Outstanding Claims Provision	24(a)	9,372,977	8,264,621
Provision for Unearned Premiums	24(b)	7,340,180	7,309,298
Total Non Life Insurance Contract Liabilities		16,713,157	15,573,919

24(a) Outstanding Claims Provision

Group	2023			2022		
	Insurance Contract Liabilities	Reinsurance of Liabilities	Net	Insurance Contract Liabilities	Reinsurance of Liabilities	Net
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At 1 January	8,264,621	6,071,907	2,192,714	7,852,509	5,643,660	2,208,849
Claims Incurred in the Current Accident Year	12,475,878	5,173,689	8,107,193	12,303,792	4,434,058	7,869,734
Other Movements in Claims Incurred in Prior Accident Years	888,172	(875,623)	79,857	728,917	635,350	93,567
Claims Paid During the year	(12,255,694)	(4,295,502)	(7,081,258)	(12,620,597)	(4,641,161)	(7,979,436)
At 31 December	9,372,977	6,074,471	3,298,506	8,264,621	6,071,907	2,192,714

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs. 1,938,774,000/- (Rs.885,236,000/- in 2022.)

NOTES TO THE FINANCIAL STATEMENTS

Reinsurance Receivables on paid claims represent dues within 6 months.

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date.

The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claim reserve have been actuarially computed by M/S K.A.Pandit - Consultants and Actuaries. The valuation is performed on an annual basis.

The reserves are determined based on the information currently available. However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

24(b) Provision for Unearned Premiums

Group	2023	2022
	Insurance Contract Liabilities Rs.'000	Insurance Contract Liabilities Rs.'000
At 1 January	7,309,298	7,374,824
Premiums Written in the Year	14,800,966	14,721,419
Premiums Earned During the Year	(14,770,084)	(14,786,945)
At 31 December	7,340,180	7,309,298

25. DEFERRED REVENUE

This represents entitle Reinsurance Commission on Insurance Business to be recognised in the future periods proportionately.

Group	2023	2022
	Deferred Revenue on Insurance Contracts Rs.'000	Deferred Revenue on Insurance Contracts Rs.'000
At 1 January	781,891	578,428
Revenue Deferred	1,766,059	1,655,976
Amortisation	(1,630,717)	(1,452,513)
At 31 December	917,233	781,891

26. INTEREST BEARING LOANS & BORROWINGS

ACCOUNTING POLICY

Interest bearing loans and borrowings are recognised initially at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

As at 31 December	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bank Overdraft		1,137,467	1,389,874	130,366	85,594
Borrowings	26 (a)	5,300,848	2,178,187	-	-
Total Borrowings		6,438,315	3,568,061	130,366	85,594

26 (a) Borrowings

As at 31 December	Note	Group	
		2023	2022
		Rs.'000	Rs.'000
Bank Loans	26 (a) i	5,082,836	924,327
Corporate Borrowings		-	124,750
Repo Borrowings		131,586	1,040,146
Funds under Management Agreement		86,426	88,963
Total		5,300,848	2,178,186

26 (a) i Bank Loans

	As at 01.01.2023	Loans Obtained	Repayments	As at 31.12.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sampath Bank PLC	592,736	-	(158,196)	434,540
Nation Trust Bank PLC	191,941	306,073	-	498,014
Seylan Bank	53,750	-	(7,500)	46,250
DFCC Bank	85,900	-	(35,443)	50,457
HNB PLC	-	4,053,575	-	4,053,575
Total	924,327	4,359,648	(201,139)	5,082,836

Loans were obtained at variable rates and it is assumed that the carrying value approximates fair value.

The Assets pledged against borrowings are disclosed in Note 46.

NOTES TO THE FINANCIAL STATEMENTS

27. REINSURANCE PAYABLES

As at 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	121,632	849,506
Domestic Reinsurers - Others	143,158	152,233
Foreign Reinsurers	8,599,520	9,422,980
Total	8,864,310	10,424,719

The above amounts include Reinsurance payable to National Insurance Trust Fund, Local reinsurers and Foreign reinsurers.

28. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Financial Liabilities – Initial Recognition and Subsequent

Measurement

Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings, and reinsurance payables.

Subsequent measurement

The subsequent measurement of financial liabilities as follows:

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

Derecognition insurance payables

Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

Provisions-General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

As at 31 December	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Policyholders Payment in Advance		1,200,427	968,677	-	-
Agency Commission Payable		1,662,101	1,408,137	-	-
Government Levies		501,330	417,825	-	-
Trade Creditors		5,325,008	4,515,140	112,847	111,397
Death Claims Payable		128,238	129,947	-	-
Accrued Expenses		2,954,431	1,533,936	645	-
Lease Creditors	28 (a)	787,740	841,291	-	-
Income Tax Payable		1,929,147	2,055,121	44,080	105,595
Total		14,488,422	11,870,074	157,572	216,992

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

All amounts are payable within one year.

28 (a) Lease creditor

	2023	2022
	Rs.'000	Rs.'000
As at 1 January	841,291	905,894
Addition	215,803	263,636
Accretion of interest	107,457	104,651
Payments	(377,231)	(389,787)
Derecognition	420	(43,103)
	787,740	841,291

28 (a) i Maturity analysis for lease creditors based on contractual undiscounted payments are as follows,

As at 31 December	Within One Year	1-3 Year	Above 3 Years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2023	266,623	416,289	167,105	850,017
2022	375,300	580,838	270,391	1,226,529

NOTES TO THE FINANCIAL STATEMENTS

29. NET PREMIUMS

29 (a) Gross Written Premium

ACCOUNTING POLICY

Gross Written Premium

(1.) Non Life Insurance

Gross written premium is generally recognised as written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided.

(2.) Life Insurance

Gross premium on life insurance contracts are recognised as revenue when receivable from the policyholder. Premium received in advance are not recognised as revenue but as a liability until the premium become due. For single premium business, revenue is recognised on the date on which the policy is effective.

Unearned Premiums– Non Life Insurance

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/365 basis except for the marine and title Policies in accordance with the Insurance Regulations.

The basis of calculating unearned premiums for marine and title policies are as follows,

Class of the Policy Basis	Basis
Marine	60% in the same month 40% after three months of underwriting the policy
Title	60% in the same year 40% is deferred until the validity of the policy expires.

Year ended 31 December	Note	Group	
		2023 Rs.'000	2022 Rs.'000
Non-Life Insurance	29 (a) i	30,891,977	29,079,497
Life Insurance	29 (a) ii	33,411,394	29,160,164
Total Gross Written Premium		64,303,371	58,239,661

The premium income for the year by major classes of business is as follows;

29 (a) i Non - Life Insurance

Year ended 31 December	2023 Rs.'000	2022 Rs.'000	Group
			Change %
Fire	8,667,035	7,056,445	23%
Motor	10,869,948	10,881,537	0%
Marine	1,452,070	1,442,770	1%
Miscellaneous	7,751,024	7,528,617	3%
Engineering	1,910,159	1,945,649	-2%
Employers' Liability	241,741	224,479	8%
Total	30,891,977	29,079,497	6%

The Gross written premium of 2023 includes Rs.209,765,049/- and US\$ 381,750 (2022- Rs. 70,431,862/- and US\$ 71,353) which are collected on behalf of Co-Insurance Partners.

29 (a) ii Life Insurance

Year ended 31 December	Group		
	2023	2022	Change
	Rs.'000	Rs.'000	%
New Businesses	5,902,767	4,328,564	36%
Sigle Premium	11,828,460	10,434,657	13%
Renewal Premium	13,653,215	13,888,639	-2%
Group Life Premium	2,026,952	508,304	299%
	33,411,394	29,160,164	15%
Annualised New Business Life Premium	12,522,705	9,518,083	31.5%

29 (b) Premiums Ceded to Reinsurers

ACCOUNTING POLICY

Reinsurance Premium

(1.) Non Life Insurance

Reinsurance premium expense is accounted for in the same accounting period as the gross written premium to which it relates.

(2.) Life Insurance

Gross reinsurance premiums are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Year ended 31 December	Note	Group	
		2023	2022
		Rs.'000	Rs.'000
Non-Life Insurance	29 (b) i	16,252,284	14,397,925
Life Insurance	29 (b) ii	639,875	472,197
Premiums Ceded to Reinsurers		16,892,159	14,870,122

NOTES TO THE FINANCIAL STATEMENTS

29 (b) i Non- Life Insurance

Year ended 31 December	Group		
	2023	2022	Change
	Rs. '000	Rs. '000	%
Fire	7,896,882	6,457,026	22%
Motor	1,039,778	776,862	34%
Marine	998,306	964,321	4%
Miscellaneous	4,669,828	4,549,143	3%
Engineering	1,632,986	1,636,507	-
Employers' Liability	14,504	14,066	-
Total	16,252,284	14,397,925	13%
National Insurance Trust Fund			
Compulsory Reinsurance Cessions	759,908	730,679	4%
Strike , Riots, Civil Commotion	2,103,814	2,112,345	-
Foreign Reinsurers	13,047,413	11,330,305	-34%
Local Coinsurance Partners	341,149	224,596	52%
	16,252,284	14,397,925	-26%

29 (b) ii Life Insurance

Year ended 31 December	Group		
	2023	2022	Change
	Rs. '000	Rs. '000	%
Foreign Reinsurers	639,875	472,197	36%
	639,875	472,197	

29 (c) Net Income

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net Earned Premium	47,380,328	43,474,912	-	-
Revenue from Subsidiaries	5,624,904	4,344,305	-	-
Other Revenue	35,108,462	29,201,056	1,901,054	1,888,091
Total Net Income	88,113,694	77,020,273	1,901,054	1,888,091

Net Income represents Total Net Earned Premium, Other Revenue and Revenue from Subsidiaries (Group).

Revenue from non Insurance subsidiaries

The source of revenue from other operations is recognised as per SLFRS 15 revenue from contract with customers.

(1.) Healthcare Segment

This income of the Company comprises of three avenues such as medical testing, screening test and cancer treatment. All such revenue is recognised in the Income Statement on accrual basis upon completion of the task.

(2.) Services

Revenue is recognised in the accounting periods in which the services are performed.

(3.) Power Generation

Revenue is recognised in the accounting period in which the power is generated and supplied to national grid.

(4.) Education

Revenue from rendering of services is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Income from relevant services are recognised as an income on periodic basis over time. Income from services relate to future periods are shown in the statement of financial position under other liabilities.

30. FEES AND COMMISSION INCOME**ACCOUNTING POLICY****Fees and Commission Income**

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue when the related services are performed.

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Reinsurance Commission Income	1,646,436	1,545,627	-	-
Other Fees	110,698	112,864	-	-
Total Fees and Commission Income	1,757,134	1,658,491	-	-

31. INVESTMENT INCOME**ACCOUNTING POLICY****Investment Income**

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

Investment income also includes dividend income which is recognised when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend.

NOTES TO THE FINANCIAL STATEMENTS

Other Income

(1.) Rental Income

Rental income from property is recognised in income statement on a straight-line basis over the term of the lease.

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rental Income from Investment Properties	30,636	27,435	-	-
Financial Assets at Fair Value through Profit or Loss				
(Held for Trading Purposes)				
Interest Income	704,790	23,303	-	-
Dividend Income	91,401	-	-	-
Held to Maturity Financial Assets Interest Income	15,182,617	10,129,471	87,151	44,353
Available-For-Sale Financial Assets				
Interest Income	1,417,614	934,960	41,948	-
Dividend Income	53,651	155,463	1,595,861	1,542,177
Loans and Receivables Interest Income	13,333,461	10,386,562	176,094	194,321
Interest Income from Staff Loan	62,259	65,404	-	-
Other Operating Revenue	2,088,775	5,437,081	-	107,240
Total Investment Income	32,965,204	27,159,679	1,901,054	1,888,091

32. NET REALISED GAINS

ACCOUNTING POLICY

Realised Gains and Losses

Realised gains and losses recorded in the income statement on investments include gains and losses on sale of financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, Plant and Equipment				
Realised Gains	55,932	28,942	-	-
Available-For-Sale Financial Assets				
Realised Gains				
Equity Securities	1,548	9,404	-	-
Debt Securities	90,592	9,693	-	-
Total Realised Gains for Available-For-Sale Financial Assets	92,140	19,097	-	-
Total Realised Gains	148,072	48,039	-	-

33. NET FAIR VALUE GAINS AND LOSSES

ACCOUNTING POLICY

Net fair value Gains and Losses

Net fair value gains and losses recorded in the income statement include gains and losses on fair valuation of investment properties and gain and losses on financial assets at fair value through P&L.

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Fair Value Gains on Investment Properties	128,709	308,955
Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss (Held for Trading Purposes)	109,343	25,892
Total Fair Value Gains and Losses	238,052	334,847

34. NET BENEFITS AND CLAIMS

ACCOUNTING POLICY

Claims

(1.) Non Life Insurance

Claims expenses and liabilities for outstanding claims are recognised in respect of direct and inwards reinsurance business. The liability covers claims reported but not yet paid, incurred but not reported claims ("IBNR") and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files estimating changes in the ultimate cost of settling claim. The provision in respect of IBNR & IBNER (Incurred But Not Enough Reported) are actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuation is performed on an annual basis.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for estimates of that period. The methods used and the estimates made are reviewed regularly.

(2.) Life Insurance

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claim handling costs that are directly related to the processing and settlement of claims and policyholder bonuses. Death claims and surrenders are recorded on the basis of notifications received. Maturities, annuity payments and interim payments are recorded when due.

(3.) Reinsurance on Claims

Reinsurance on claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000

34 (a) Gross Benefits and Claims Paid

Life Insurance Contracts	23,425,601	19,187,615
Non-Life Insurance Contracts	12,255,694	12,620,597
Total Gross Benefits and Claims Paid	35,681,295	31,808,212

34 (b) Claims Ceded to Reinsurers

Life Insurance Contracts	(290,552)	(218,349)
Non-Life Insurance Contracts	(4,295,502)	(4,641,160)
Total Claims Ceded to Reinsurers	(4,586,054)	(4,859,509)

34 (c) Gross Change in Contract Liabilities

Change in Life Insurance Contract Liabilities	23,015,741	13,375,957
Change in Non-Life Insurance Contract Outstanding Claims Provision	1,220,184	(316,804)
Total Gross Change in Contract Liabilities	24,235,925	13,059,153

34 (d) Change in Contract Liabilities Ceded to Reinsurers

Change in Non-Life Insurance Contract Outstanding Claims Provision	(878,187)	207,102
Total Change in Contract Liabilities Ceded to Reinsurers	(878,187)	207,102
Net Benefits and Claims	54,452,979	40,214,958
Net Benefits and Claims - Non Life Insurance (Note 34(g))	8,302,189	7,869,735
Net Benefits and Claims - Life Insurance	46,150,790	32,345,223
	54,452,979	40,214,958

34 (e) Gross Claims and Benefits (Excluding Life Fund Increase)

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000

Claims - Death, Disability and Hospitalisation	1,742,719	1,777,969
Policy Maturities	16,566,525	12,579,829
Interim Payments on Anticipated Endowment Plans	1,282,536	1,192,286
Surrenders	3,807,108	3,611,076
Annuities	26,712	26,455
	23,425,600	19,187,616
Reinsurance Recoveries	(290,552)	(218,349)
Life Insurance Net Claims and Benefits	23,135,048	18,969,267

34 (f) Non - Life Net Claims Incurred

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Gross Claims Incurred	13,475,878	12,303,793
Reinsurance Recoveries	(5,173,689)	(4,434,058)
Total Net Claims Incurred	8,302,189	7,869,735

34 (g) The Net Claims Incurred for the year by major classes of business is as follows.

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Fire	1,146,914	627,542
Motor	4,696,166	4,588,024
Marine	190,899	193,941
Miscellaneous	1,877,444	2,169,969
Engineering	305,147	242,839
Employer's Liability	85,619	47,420
	8,302,189	7,869,735

35. ACQUISITION COSTS**ACCOUNTING POLICY****Acquisition Costs****(1.) Non Life Insurance**

Acquisition costs, representing commissions, which vary with and are directly related to the production of business are deferred and amortised over the period in which the related written premiums are earned. Reinsurance commission is also treated in the same manner within deferred acquisition costs.

(2.) Life Insurance

Commission Expense is charged to the period in which it's incurred. Commission payable on accrued premium is recognised to the extent that these costs are recoverable out of future premiums.

All expenses vary with, and are primarily related to, the acquisition of new insurance contracts.

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fees and Commission Expenses	5,033,136	4,648,621	-	-
Deferred Expenses	(103,053)	(91,492)	-	-
	4,930,083	4,557,129	-	-

NOTES TO THE FINANCIAL STATEMENTS

36. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Year ended 31 December	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amortisation of Intangible Assets & Goodwill	7	251,709	209,370	-	-
Depreciation on Property, Plant and Equipment	9	1,096,092	927,940	-	-
Depreciation of Right of Use Assets	10	351,949	368,503	-	-
Other Operating Expenses	36 (b)	3,861,646	3,034,755	44,715	20,606
Auditors' Remuneration		32,229	27,361	1,342	803
Employee Benefits Expense	36 (a)	4,768,058	5,709,547	217,949	159,658
Selling Expenses		1,947,157	2,229,431	-	-
Legal Expenses		42,846	62,116	30,568	20,806
Donations		2,343	2,010	-	-
Total Other Operating and Administrative Expenses		12,354,029	12,571,033	294,574	201,787

36 (a) Employee Benefits Expense

Year ended 31 December	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Wages and Salaries Including Bonus & Incentives		5,037,345	5,647,350	168,122	128,550
Employees' Provident Fund		489,413	422,112	15,398	11,041
Employees' Trust Fund		92,455	105,954	3,849	2,760
Defined Gratuity Benefit & Pension Costs	36 (c)	(1,815,424)	(834,951)	15,398	11,041
Other Staff Related Cost		963,269	369,082	15,182	6,266
Total Employee Benefits Expense		4,768,058	5,709,547	217,949	159,658

36 (b) Other Operating Expenses

The Operating Expenses incurred in respect of Investment Property which does not earn rental income is Rs. 4,699,424/- (2022 - Rs. 3,082,801/-) The Operating Expenses incurred in respect of Investment Property which earns rental income is Rs. 12,223,000/- (2022 - Rs.2,400,552/-)

36 (c) Net Gratuity Benefit and Pension Cost shows a negative amount primarily due to expected return on plan assets over current service cost and interest cost on benefit obligations.

37. FINANCE COSTS

ACCOUNTING POLICY

Finance Cost

Finance cost is recognised as expenditure in the period in which they are incurred. However, finance costs are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the assets.

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Borrowings				
Interest Expense on Bank Overdraft	12,479	19,445	-	-
Interest Expense on Loans	210,961	141,815	-	-
Other Finance Charges	117,741	124,014	868	1,179
Lease Interest	51,047	104,651	-	-
Total Finance Cost	392,228	389,925	868	1,179

38. INCOME TAX EXPENSE

The major components of Income Tax Expense for the years ended 31 December 2023 and 2022 are:

38 (a) Current Year Tax Charge

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current tax				
Income Tax	3,492,533	2,952,868	82,530	205,591
Over/Under Provision in respect of Previous Year	209,270	(38,093)	-	-
Total Current Tax	3,701,803	2,914,775	82,530	205,591
Deferred Tax				
Origination of Temporary Differences (note 18a and b)	(267,582)	110,340	(15,492)	-
Total Income Tax Expense	3,434,221	3,025,115	67,038	205,591

NOTES TO THE FINANCIAL STATEMENTS

38 (a) i Statutory Income Tax Rate applicable for the year

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Y/A 2022/2023 @ 14% p.a.	1,431	279,684	-	111,153
Y/A 2022/2023 @ 15% p.a.	14,370	53,696	-	39,697
Y/A 2022/2023 @ 24% p.a.	-	1,911,656	-	38,640
Y/A 2022/2023 @ 30% p.a.	3,476,732	707,833	82,530	16,100
Over/under provision in respect of previous year	209,270	(38,094)	-	-
Tax effect on accounting Profit Before Tax	3,701,803	2,914,775	82,530	205,591
Amount of deferred tax expense relating to the origination and reversal of temporary difference	(267,582)	442,521	(15,492)	-
Amount of deferred tax expense (Income) relating to changes in tax rates	-	(332,181)	-	-
Total Income Tax Expense	3,434,221	3,025,115	67,038	205,591

38 (b) Tax recorded in Other Comprehensive Income (see Note 42)

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Deferred Tax	257,105	934,257
Total Tax Charge to Other Comprehensive Income	257,105	934,257

38 (c) Reconciliation of Tax Charge

Year ended 31 December	Company	
	2023	2022
	Rs.'000	Rs.'000
Reconciliation of Effective Tax Rate		
Profit Before Tax	1,575,612	1,661,537
Income Tax using the Company's Domestic Tax Rate	501,158	423,692
Tax Exempt Income	(336,927)	(80,515)
Net Non-Deductible/(Deductible) Expenses	(81,701)	(137,586)
Over / (Under) Provision of Previous Years	-	-
Deferred Tax charge/(Reverse)	(15,492)	-
	67,038	205,591

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Reconciliation of Effective Tax Rate		
Profit Before Tax	14,962,236	16,281,006
Income Tax using the Company's Domestic Tax Rate	5,346,982	4,736,110
Tax Exempt Income	(1,499,971)	(2,319,189)
Net Non-Deductible/(Deductible) Expenses	(210,710)	(613,488)
Tax Effect of Loss Claimed for the Year	(143,767)	(112,876)
Income Tax for Bonuses distributed/declared to policyholders	-	122,523
Income Tax for Surplus distributed to Shareholders	-	1,139,882
Over / (Under) Provision of Previous Years	209,270	(38,092)
Deferred Tax Charge/(Reverse)	(267,582)	110,245
	3,434,221	3,025,115

38 (d) Change in Income Tax Rate

The Company is liable to pay income tax at the rate of 30% for the year of assessment 2023/2024 by applying the Income tax rate in accordance with the provisions of the Inland Revenue Act, No. 45 of 2022 and subsequent amendments thereto.

1. Surplus distributed to shareholders from Life Insurance business as certified by appointed actuary @ 30%
2. Investment Income of Shareholder fund less any expenses incurred in the production of such income @ 30%
3. Bonus Distributed to policyholders @ 30%
4. Realization of capital gain @ 30%
5. Dividend income @ 15%

CEG Education Holdings (Pvt) Ltd and other Subsidiaries computed the Income Tax Liability at 30% for the year of assessment 2022/2023. The Differed tax assets/liabilities of the Group as at 31st December 2023 were computed using the Income tax rate of 30%.

The Statutory income from business of Ceypower Cascades (Pvt) Ltd and Ceyhydro Developers (Pvt) Ltd. are liable for 30% tax on the income for the year of assessment 2022/2023.

Ceylinco Insurance Company (Pvt) Ltd. -Maldives is liable to pay income tax at 15% on its business income in Maldives.

38 (e) Other Taxes

Social Security Contribution Levy

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the second schedule of the Social security contribution levy Act No 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022. Social Security Contribution Levy is payable on 100% of the value addition attributable to Insurance services.

As per the provisions of the act, Life insurance business, supply of medical services and supply of pharmaceutical products are exempted.

NOTES TO THE FINANCIAL STATEMENTS

39. NON CONTROLLING INTERESTS (NCI)

39 (a) Accumulated Balances of Non-Controlling Interest

Name of Company	2023	2022	Effective ownership by NCI %
	Rs.'000	Rs.'000	
Ceylinco Healthcare (Pvt) Ltd	5,487	4,684	0.80
Ceylinco Insurance (Pvt) Ltd -Maldives	119,512	155,993	21
Ceylinco Investcorp (Pvt) Ltd	9,893	(41,772)	25
Energy Lanka Holdings Ltd	8,167	8,257	-
CEG Education Holdings Ltd	3,727,891	3,147,738	37.40
	3,759,427	3,274,900	

39 (b) Profit allocated to Non-Controlling Interest

Name of the Company	2023	2022
	Rs.'000	Rs.'000
Ceylinco Healthcare (Pvt) Ltd	799	610
Ceylinco Insurance (Pvt) Ltd -Maldives	19,833	19,381
Ceylinco Investcorp (Pvt) Ltd	(9,884)	200
Energy Lanka Holdings Ltd	(90)	(2,349)
CEG Education Holdings Ltd	722,852	594,777
	733,510	612,619

40. BASIC/DILUTED EARNINGS PER SHARE

ACCOUNTING POLICY

Earnings Per Share

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding at the reporting date.

Basic/Diluted Earnings Per Share has been calculated by dividing profit after taxation attributable to ordinary shareholders of the parent by the weighted average Ordinary Shares in issue at the year end.

Year ended 31 December	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the Year (Rs.'000)	10,794,505	12,643,272	1,508,574	1,455,946
Weighted Average Number of Ordinary Shares ('000)	26,414	26,414	26,414	26,414
Basic/Diluted Earnings Per Ordinary Share (Rs.)	408.67	478.66	57.11	55.12

There were no potential dilutive Ordinary Shares outstanding at any time during the year. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share shown above.

41. DIVIDENDS PAID

ACCOUNTING POLICY

Dividends on Ordinary Share Capital

Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Year ended 31 December	Company	
	2023	2022
	Rs.'000	Rs.'000
Final Dividend Paid (Rs.'000)	1,188,651	1,109,408
No. of Shares in issue for the year ('000)	26,414	26,414
Dividend Per Share (Rs.)	45.00	42.00

NOTES TO THE FINANCIAL STATEMENTS

42. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Year ended 31 December	2023			2022		
	Before Tax	Tax (Expense)	Net of Tax	Before Tax Amount Rs.'000	(Expense) Benefit Rs.'000	Net of Tax Amount Rs.'000
Group						
Exchange Differences on Translating Foreign Operations	(305,766)	-	(305,766)	346,716	-	346,716
Net Gain/(Loss) on Available-for- Sale Financial Assets	1,169,108	(292,145)	876,963	(1,112,156)	208,058	(904,098)
Actuarial Gain on Defined Benefit Plans	(2,316,242)	10,104	(2,306,138)	598,364	11,256	609,620
Revaluation Surplus/(Deficit) During the Year	664,128	24,936	689,064	2,671,180	(1,153,551)	1,517,629
Total	(788,772)	(257,105)	(1,045,877)	2,504,104	(934,237)	1,569,867

42.1 Movement of share of other Comprehensive Income /(Loss) of an associates

Year ended 31 December	Group	
	2023	2022
	Rs.'000	Rs.'000
Actuarial Gain on Defined Benefit Plans	(123,764)	117,702
Revaluation Surplus/(Deficit) During the Year	-	97,101
Tax Expenses	-	(302,444)
Net Gain/(Loss) on Available-for-Sale Financial Assets	(112,871)	(161,990)
Total	(236,635)	(249,631)

Year ended 31 December	2023			2022		
	Before Tax Amount Rs.'000	(Expense) Benefit Rs.'000	Net of Tax Amount Rs.'000	Before Tax Amount Rs.'000	(Expense) Benefit Rs.'000	Net of Tax Amount Rs.'000
Company						
Net Gain/(Loss) on Available-for- Sale Financial Assets	18,374	-	18,374	50,228	-	50,228
Total	18,374	-	18,374	50,228	-	50,228

43. RISK MANAGEMENT FRAMEWORK

43 (a) Governance Framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management process with specified objectives with clear tasks. The board of directors and senior managers manage the risks through various committees and delegated authorities. The reviews of risks on regular basis and the strategies adopted timely ensures the risk management function an important activity within the organisation.

The risks are identified with clear understanding of market environment, regulatory environment and macro economic changes. The Group has well experienced and skilled directors who could assess the risks and execute appropriate strategies and achieve the targets with less negative effect to shareholders.

43 (b) Capital Management Objectives, Policies and Approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- ☑ To maintain the required level of stability of the Group thereby providing a degree of security to policyholders
- ☑ To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- ☑ To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- ☑ To align the profile of assets and liabilities taking account of risks inherent in the business
- ☑ To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

Operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Insurance business maintains capital, investments and solvency as per the regulations prescribed by Insurance Regulatory Commission of Sri Lanka. (IRCSL). Further, under the parallel run requirements of IRCSL the insurance business maintains required Capital Adequacy Ratio (CAR) under the Risk Based Capital (RBC) Regime.

New changes in regulations are timely adopted and necessary changes are made to internal processes.

Approach to Capital Management

The Group allocates capital to businesses as required and ensures the sufficient returns to shareholders and policyholders. The assets and liabilities management establishes the required level of liquidity and reduces the risks of the Group and achieves the required capital levels of the Group.

The primary source of capital used by the Group is equity shareholders' funds. The Group also utilises, where efficient to do so, sources of capital such as reinsurance.

The returns expectations are regularly forecast and comparisons are made in order to ensure the requirements of stakeholders are achieved.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

NOTES TO THE FINANCIAL STATEMENTS

Ceylinco General Insurance Ltd has following Capital Resources.

Year ended 31 December	2023	2022
	Rs.'000	Rs.'000
Total Equity	20,204,542	17,171,550
Adjustments onto a regulatory basis	(7,445,229)	(7,456,528)
Available Capital Resources	12,759,313	9,715,022

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Ceylinco Life Insurance Ltd has following Capital Resources.

Year ended 31 December	2023	2022
	Rs.'000	Rs.'000
Total Equity	54,373,319	49,399,013
Adjustments onto a regulatory basis	35,703,952	19,098,311
Available Capital Resources	90,077,271	68,497,323

The adjustments onto a regulatory basis Includes the followings:.

1. Adjustment for valuation differences of Assets and Liabilities between SLFRS and RBC frameaeworks.
2. Unallocated valuation surplus maintained in the insurance funds.
3. 50% of net future bonuses in respect of participating business
4. Value of Inadmissible Assets under RBC framework.

43 (c) Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance business is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the insurance business maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The insurance business is regulated by Insurance Regulatory Commision of Srilanka (IRCSL) with the objective of protecting shareholders and policyholders. There are various regulations and directive the insurance business is expected to adhere in order to achieve the expected norms, which leads the insurance business to maintain required solvency and maintain sufficient capital.

Financial risks arise due to movements in market rates. The risks mainly involve interest rates risks, share price changes etc. The Group manages these risks through various strategies adopted at asset liability committee, investment committee and risk management committees.

IRCSL ensures that the Company maintains required solvency position to meet future liabilities .The Insurance Companies successfully implemented the Risk Based Capital (RBC) framework on solvency margin as required by IRCSL.

The capital adequacy positions of the Insurance Companies as of 31st December 2023 and 2022 are as follows.

Ceylinco General Insurance Ltd

	Total Available Capital (TAC)	Risk-Based Capital Requirement	Risk-Based Capital Adequacy Ratio (CAR)	Regulatory Minimum CAR
	Rs.000	Rs.000	%	%
31th December 2023	12,759,313	5,245,950	243	120
31st December 2022	9,715,022	4,688,515	208	120

Ceylinco Life Insurance Ltd

	Total Available Capital (TAC)	Risk-Based Capital Requirement	Risk-Based Capital Adequacy Ratio (CAR)	Regulatory Minimum CAR
	Rs.000	Rs.000	%	%
31th December 2023	90,077,271	26,174,282	344	120
31st December 2022	68,497,323	22,632,282	303	120

43 (d) Asset Liability Management (ALM) Framework

ALM is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve an organization's financial objectives, given the organization's risk tolerance and other constraints. ALM deals with the optimal investment of assets in view of meeting current goals and future liabilities.

Various financial risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces, due to the nature of its investments and liabilities, is interest rate risk.

The Investment committee identifies the nature of the liabilities arising from the product portfolio and evaluates the investment options that best suit to hedge the liability. The Group manages these selected positions within a strategically crafted ALM framework that has been developed considering the cyclical nature of the domestic interest rates to achieve investment returns in excess of its obligations in the long term.

44. INSURANCE AND FINANCIAL RISK

44 (a) Insurance Risk

The principal insurance risk the Group faces is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group has entered into reinsurance treaties with world's leading reinsurers as a part of its risks mitigation programme. All reinsurance is designed to mitigate the group's net exposure to a single claim as well as to catastrophe losses.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. The Group has all reinsurance arrangements with many leading reinsurance companies.

NOTES TO THE FINANCIAL STATEMENTS

44 (a) i. Life Insurance Contracts

Life insurance contracts offered by the Group include: whole life, term assurance and endowment plans.

Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death.

Death and maturity benefits of endowment products are subject to a guaranteed minimum amount.

For contracts with DPF the guaranteed minimum may be increased by the additions such as bonuses.

The main risks that the Group is exposed to are as follows:

Mortality risk – risk of loss arising due to policyholder death experience being different than expected

Morbidity risk – risk of loss arising due to policyholder health experience being different than expected

Investment return risk – risk of loss arising from actual returns being different than expected

Expense risk – risk of loss arising from expense experience being different than expected

Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Key Assumptions

The Insurance Companies exercise significant judgment in determining the policy liabilities and in selecting assumptions. The key assumptions to which the liability value can be sensitive are mortality, morbidity, expenses, discount rates, lapse and surrender rates. The choice of assumptions depends on the past and current experience of the Insurance Companies and other available information. Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Insurance Companies historical experience. Discount rates are based on current industry risk free rates. All these assumptions are within the guidelines issued by the IRCSL.

Mortality rate

Mortality assumptions are based on standard mortality tables.

Lapse rates

Lapses occur due to non-payment of premiums before the policy acquires a surrender value. Surrenders occur due to termination of policies by policyholders after acquiring a surrender value.

Risk Free Rate

Risk free discount rate is used to discount the cash flows for corresponding durations for guaranteed benefits of non-participating and participating insurance fund policies. The applicable risk free rates are shared by the IRCSL every quarter.

Fund-Based Yield

Fund-based yield is used in the participating fund to discount the cash flows for corresponding durations where total benefits are considered.

Management Expenses

The assumptions for management expenses are determined based on the investigation into the expenses of the Insurance Company over the last four calendar years. Each expense is classified as acquisition/maintenance/termination and then classified as fixed/variable.

44 (a) .2. Sensitivity of the Value of Insurance Liabilities for Change in Assumptions

Sensitivity of the Value of Insurance Liabilities as at 12/31/23	Changes in Assumptions	Impact on the Net Best Estimate Liabilities
Expenses	+10%	1.14%
Expenses	-10%	-1.14%
Mortality	+10%	0.32%
Mortality	-10%	-0.33%
Morbidity	+20%	0.29%
Morbidity	-20%	-0.31%
Withdrawal Rate	+20%	-0.37%
Withdrawal Rate	-20%	0.50%

Changing assumptions as mentioned above doesnot have material impact to the income statement.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that premium charged takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to revive individual policies and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behaviour.

The main risk faced by non-life insurance business is that the actual claims are varying from the expected claims are varying from different types of policies. The non-life insurance business miminimises the risks by evaluating the business in detail and charges the correct premiums so that the company has sufficient reserves to meet any unforeseen claims.

There are other types of risks such as reinsurance, default risk, concentration risk, liquidity risks and market risks. The business's risk management policies and processes mitigate the impact of these risks and also benefits the organisation by accepting some calculated risks at appropriate times.

44 (a) ii Non-Life Insurance Contracts

The non-life insurance principally issues the following types of general insurance contracts: motor, marine, engineering, fire, suwa sampatha and miscellaneous products. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from accidents, climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the non-life. Further on the spot claims settlement procedures also helps to reduce the exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

The non-life has also limited its exposure by arranging reinsurance contracts with rated Reinsurers internationally.

Key assumptions and sensitivities

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience.

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes, impact of natural catastrophic or uncertainty in the estimation process.

Sensitivity of the Value of Insurance Liabilities as at 12/31/23	Outstanding/ reported claim reserve based on BF with a 5% increase in the Initial Estimated Ultimate Loss Ratio (IEULR)
Impact on the Best Estimated outstanding net claim reserve (Rs .000)	(546,030)

Claims Development Table

The following table shows the Estimated Net Claims Liability (after considering reinsurance) for each successive accident year at each reporting date for domestic operations of Ceylinco General Insurance Ltd

Year	0	1	2	3
2012	-	-	4,118,362	-
2013	-	5,227,313	(8,690,169)	499,999
2014	939,339,988	(5,564,745)	(5,564,745)	-
2015	570,867,852	(103,140,094)	(38,064,835)	91,881,814
2016	(359,345,658)	(201,260,832)	60,691,997	128,184,503
2017	1,024,084,173	(364,476,124)	495,972	758,285,869
2018	988,889,167	20,145,932	12,012,341	991,526,647
2019	952,207,050	30,712,276	19,286,206	934,237,682
2020	323,652,514	83,737,967	33,338,721	708,278,966
2021	992,194,186	152,937,696	35,758,168	
2022	972,512,044	110,175,150		
2023	1,194,458,186			

44 (b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Life insurance segment exposure to credit risk:

- Credit risk policy is set based on the assessment and IRCSL determination. Accordingly Life insurance segment has the maximum amounts and limits that may be advanced to counterparties by reference to their long-term credit ratings. Policy is monitored at each reporting date or when required for changes in the risk environment.
- Reinsurance is placed with counterparties that have a good credit rating. At each reporting date, an assessment of creditworthiness of reinsurers are performed and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The following processes/activities of General insurance segment division reduces the credit risk of financial instruments.

- ☑ Credit risk policy is based on the IRCSL determination. The maximum exposures to each type of financial instrument is limited based on the policy.
- ☑ The investment committee evaluates the exposure and the new investments in instruments in order to reduce the risks.
- ☑ The regular review by the Board also minimises the credit risks.

44 (b) i Credit Exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments.

Year ended 31 December	Notes	2023		2022	
		Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000
Financial Instruments					
Held-to-Maturity Financial Assets	13(a)				
Debt Securities		112,058,479	-	91,950,320	-
Loans and Receivables					
Debt Securities	13(b)	83,793,881	1,330,355	78,137,364	1,118,609
Other		1,055,880	-	1,241,498	-
		84,849,761	1,330,355	79,378,862	1,118,609
Available-for-Sale Financial Assets					
Equity Securities	13(c)	935,557	506,261	804,620	487,886
Debt Securities		13,811,797	712,450	9,626,589	619,092
		14,747,354	1,218,711	10,431,209	1,106,978
Financial Assets at Fair Value through Profit or Loss					
Equity Securities	13(d)	4,329,682	-	467,092	-
Debt Securities		122,752	-	63,214	-
		4,452,434	-	530,306	-
Reinsurance Assets	16	6,757,896	-	6,571,724	-
Insurance Receivables	19	10,269,855	-	10,322,856	-
Cash and Cash Equivalents	21	2,878,065	225	1,731,412	152
Total Credit Risk Exposure		236,013,844	2,549,291	200,916,689	2,225,739

NOTES TO THE FINANCIAL STATEMENTS

44 (b) ii Industry Analysis

31 December 2023	Financial Services	Government	Services	Manufacturing and Power	Others	Total
Assets	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Held-to-Maturity Financial Assets						
Debt securities	517,216	110,652,999	-	-	-	111,170,215
	517,216	110,653,013	-	-	-	111,170,229
Loans and Receivables						
Term Deposits	65,051,288	-	-	-	-	65,051,288
Repo Investments	562,303	-	-	-	-	562,303
Unquoted Debentures	1,483,977	-	1,612,129	-	-	3,096,106
Debentures Quoted	10,378,459	-	-	-	-	10,378,459
Staff and Vehicle Loans	-	-	-	-	1,052,333	1,052,333
Other Loans	77,476,027	-	1,612,129	-	1,052,333	80,140,489
Available-for-Sale Financial Assets						
Equity Securities	126,549	-	2,547	592,921	4,476	726,493
Debt Securities	979,859	10,837,358	-	-	-	11,817,217
Unit Trust	333,794	-	-	-	-	333,794
	1,440,202	10,837,358	2,547	592,921	4,476	12,877,504
Financial Assets at Fair Value through Profit or Loss						
Equity Securities	233	-	519	293	-	1,045
Debt Securities	-	4,329,682	-	-	-	4,329,682
	233	4,329,682	519	293	-	4,330,727
Sub Total	79,433,679	125,820,039	1,615,195	593,214	1,056,809	208,518,936
Financial Instruments -Other Subsidiaries & Ceylinco Insurance PLC						7,589,092
Total Credit Risk Exposure						216,108,028

44 (b) ii Industry Analysis

31 December 2022	Financial Services	Government	Services	Manufacturing and Power	Others	Total
Assets	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Held-to-Maturity Financial Assets						
Debt securities	9,282,268	82,447,983	-	-	-	91,730,251
	9,282,268	82,447,983	-	-	-	91,730,251
Loans and Receivables						
Term Deposits	52,289,228	-	-	-	-	52,289,228
Repo Investments	5,463,433	-	-	-	-	5,463,433
Unquoted Debentures	1,483,776	-	-	-	-	1,483,776
Debentures Quoted	14,452,542					14,452,542
Staff and Vehicle Loans		-	-	-	1,108,914	1,108,914
Other Loans						
	73,688,979	-	-	-	1,108,914	74,797,895
Available-for-Sale Financial Assets						
Equity Securities	94,745	-	8,590	546,921	44,953	695,208
Debt Securities	1,521,272	5,847,190	-	-	-	7,368,462
Unit Trust	224,106	-	-	-	-	224,106
	1,840,123	5,847,190	8,590	546,921	44,953	8,287,779
Financial Assets at Fair Value through						
Profit or Loss						
Equity Securities	99	-	508	280	-	887
Debt Securities	-	467,092	-	-	-	467,092
	99	467,092	508	280	-	467,979
Sub Total	84,811,469	88,762,265	9,098	547,201	1,153,867	175,283,902
Financial Instruments -Other Subsidiaries & Ceylinco Insurance PLC						7,006,795
Total Credit Risk Exposure						182,290,697

44 (c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial instruments. Even at a catastrophic events liquidity risk of Life insurance segment is low as the cash inflow is greater than cash outflow.

The following policies and procedures are in place to mitigate the Life insurance segment exposure to liquidity risk:

- ☑ Assessment and determination of Liquidity risk in order to maintain optimal liquidity mix.
- ☑ Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- ☑ Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The liquidity risks in General insurance segment is where the Group does not have enough cash/arrangements to meet payments./ commitments as they fall due. Following processes/activities are in place to minimise the liquidity risk.

- ☑ The regular maintenance of investments in accordance with the IRCSL guidelines.
- ☑ The investment committee reviews the liquidity levels and take appropriate actions to improve the liquidity
- ☑ Efficient forecasting of future commitments and making investments to meet the pay-outs, mitigate any possible liquidity concerns.

44(c) i Maturity analysis for Financial Assets and Financial Liabilities

Table below represent the maturity profiles of Financial Assets and Financial Liabilities

Insurance Business As at December 2023	Within One Year	After one year not more than to three years	Above Three Years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Financial Instrument				
Measured at Fair Value	9,024,855	6,578,274	3,596,659	19,199,781
Measured at Amortized Cost	59,740,825	79,196,131	57,970,784	196,908,240
Reinsurance Receivable	6,757,896	-	-	6,757,896
Insurance Receivable	10,269,855	-	-	10,269,855
Other Assets	1,517,457	-	-	1,517,457
Cash and Cash Equivalents	2,878,065	-	-	2,878,065
Total Financial Assets	90,188,953	85,774,905	61,567,443	237,531,301
Financial Liabilities				
Reinsurance Payable	8,864,310	-	-	8,864,310
Interest Bearing Loans and Borrowing	5,215,035	1,223,280	-	6,438,315
Other Liabilities (Excluding Statutory Obligation)	12,057,945	-	-	12,057,945
Total Financial Liabilities	26,137,290	1,223,280	-	27,360,570
Total Excess Liquidity	64,051,663	84,551,625	61,567,443	210,170,731

NOTES TO THE FINANCIAL STATEMENTS

Insurance Business As at December 2022	Within One Year	After one year not more than to three years	Above Three Years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Financial Instrument				
Measured at Fair Value	5,693,265	3,389,592	1,878,657	10,961,515
Measured at Amortized Cost	80,127,510	36,584,801	54,616,872	171,329,182
Reinsurance Receivable	6,571,724	-	-	6,571,724
Insurance Receivable	10,322,856	-	-	10,322,856
Other Assets	3,211,029	-	-	3,211,029
Cash and Cash Equivalents	1,731,412	-	-	1,731,412
Total Financial Assets	107,657,796	39,974,393	56,495,529	204,127,718
Financial Liabilities				
Reinsurance Payable	10,424,719	-	-	10,424,719
Interest Bearing Loans and Borrowing	2,921,669	646,392	-	3,568,061
Other Liabilities (Excluding Statutory Obligation)	9,397,128	-	-	9,397,128
Total Financial Liabilities	22,743,516	646,392		23,389,908
Total Excess Liquidity	84,914,280	39,328,001	56,495,529	180,737,810

44(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and equity price risk and commodity prices (price risk).

The investment committee reviews the impact of market risks and corrective actions are suggested regularly.

44(d) i Currency Risk

The Group has no significant concentration of currency risk.

However, the investments in foreign currency deposits is subject to currency risks. Since the Group makes some payments in foreign currency the impact of risk is minimised. Further the investment in subsidiary in Maldives is exposed to exchange rate risk. (translation risk.)

44(d) ii Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The Group's interest risk policy identifies the volatile nature of Sri Lankan interest rate environment. Therefore the Group closely monitors the re-investment calendar of the investment fund and obtains internal and external expert opinion on the behaviour of interest rate environment in taking re-investment decisions. Group maintains mix of short term and long term asset mix and also maintains interest rate sensitive and Inflation rate sensitive asset classes in managing the interest rate risk. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. However, the investments in foreign currency deposits is subject to currency risks. Since the Group makes some payments in foreign currency the impact of risk is minimised. Further the investment in subsidiary in Maldives is exposed to exchange rate risk. (translation risk.)

44 (d) iii Equity Price Risk

Equity price risk arises as a result of any change in market prices and volatilities of individual equities.

	2023			2022		
	Financial Assets recognized through profit or loss	Financial Assets at fair value through other comprehensive Income	Total	Financial Assets recognized through profit or loss	Financial Assets at fair value through other comprehensive Income	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Market value of equity securities as at December 31,	1,045	726,493	727,538	887	695,208	696,095

Stress Level	Impact on Income Statements	Impact on OCI	Impact on Equity	Impact on Income Statements	Impact on OCI	Impact on Equity
Shock of 10% on equity prices (upward)	104	72,649	72,753	88	69,520	69,608
Shock of 10% on equity prices (downward)	(104)	(72,649)	(72,753)	(88)	(69,520)	(69,608)

44(e) Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Business risks such as changes in environment, technology and the industry are monitored through the strategic management and budgeting process. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

45. CONTINGENCIES AND COMMITMENTS

45(a) Legal Proceedings and Regulations

45 (a) i One of the Subsidiary, Ceylinco General Insurance Ltd. operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. However, there is a tax appeal relating on VAT on reinsurance recoveries.

The Dept of Inland Revenue has issued a Notice of Assessment on the Income Tax Return submitted by the Company for the Year of Assessment 2016/17 disputing some exemptions claimed by the company under Inland Revenue Act, No.10 of 2016. The Company has made an appeal against the said Notice of Assessment. However the Company is of the opinion that such Assessment will not have material impact to the financial position of the Company.

NOTES TO THE FINANCIAL STATEMENTS

45 (a) ii Assessments from Department of Inland Revenue - Ceylinco Life Insurance Ltd

The table below summarizes the status of tax assessments for each class of taxes within the Group's Life Division.

Pertaining Company	Type of Tax	Year of Assessment	Current Status	Remarks
Ceylinco Insurance PLC	Income Tax (Note - 01)	2010/11	Court of Appeal	
		2011/12	Court of Appeal	
		2012/13	Court of Appeal	
		2013/14	Court of Appeal	Note - 02
		2014/15	Tax Appeals Commission	
		2015/16	Tax Appeals Commission	
	VAT on FS (Note - 04)	2014	Tax Appeals Commission	
Ceylinco Life Insurance Limited	Income Tax (Note - 01)	2015/16	Court of Appeal	Note - 03
		2016/17	Tax Appeals Commission	
		2017/18	Tax Appeals Commission	
		2018/19	Tax Appeals Commission	
		2019/20	Tax Appeals Commission	
	VAT on FS (Note - 04)	2016	Tax Appeals Commission	
		2017	Commissioner General of Inland Revenue	
		2018	Commissioner General of Inland Revenue	
	NBT on FS (Note - 04)	2016	Tax Appeals Commission	
		2017	Tax Appeals Commission	

Note - 01

Income Tax Assessments from Y/A 2010/11 up to first three months of Y/A 2018/19 as mentioned in the above table have been issued contrary to the Section 92 of the Inland Revenue Act, No. 10 of 2006 and this is a concern of the life insurance industry. Further, part of the assessment relating to Y/A 2018/19 and assessment relating Y/A 2019/20 have been issued contrary to the section 67 of the Inland Revenue Act, No. 24 of 2017 which came to effect on 01/04/2018.

The Company's management is of the view that the probability of materializing any of these tax Assessments are highly unlikely due to the fact that the Company has acted in accordance with the requirements under the Inland Revenue Acts.

Note - 02

Income Tax Assessment received for the Y/A 2013/14, Tax Appeals Commission has agreed on the position taken by the Company regarding the main subject matter while disagreeing with the rest of the matters in the appeal. The company appealed to the Court of Appeal on the matters disagreed.

Note - 03

For the assessment relating to Y/A 2015/16, Tax Appeals Commission has decided to allow the appeal and dismiss the determination made by the Commissioner General of Inland Revenue based on the time bar provision. However, based on the Tax Appeals Commission's determination, CGIR has appealed to the Court of Appeal. The case is now fixed for support at the Court of Appeal.

Note - 04

Assessments relating to VAT on Financial Services and NBT on Financial Services were issued under the Value Added Tax Act, No. 14 of 2002 by the Inland Revenue Department.

Management believes that the Company is outside the scope of VAT and NBT on FS as the Company engages in the Life Insurance business and therefore, materialization of the above assessments is very remote.

Compliance with IFRIC 23 - Uncertainty Over Income Tax Treatments

The Company reviewed its uncertain income tax positions that could have an impact on the financial statements in order to comply with the provisions stipulated under IFRIC 23 interpretation.

Consequently, the management concluded that the current accounting treatment for uncertain tax positions is in accordance with IFRIC 23.

45(b) Capital Expenditure Commitments

The Group has following Capital commitment as at the reporting date.

45 (b) i The Ceylinco Life Insurance Ltd has committed to pay an amount of Rs. 33,230,154/- (2022 - Rs. 145,734,228/-) as at the reporting date under contract entered in to on Capital Expenditure projects.

45 (b) ii International College of Business and Technology has committed to pay an amount of Rs. 645,000,000/- (2022 - Rs. Nil) as at the reporting date under contract entered in to on Capital Expenditure projects.

46. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Included under Pledged
		Rs.'000
Building - Company	Mortgaged to Seylan Bank PLC by Golden Key Credit Card Company Limited to obtain loan facility (Note 11)	153,333 Investment Property
Fixed Deposit - Ceylinco General Insurance Ltd.	Pledged to Seylan Bank PLC to obtain bank overdraft facilities.	169,387 Loans & Receivables
Unquoted shares - Company	Mortgaged to Sampath Bank PLC by Energy Generators (Pvt) Ltd to obtain loan facility	60,907 Investment in Associates
Land & Buildings - CEG Education Holdings Ltd Group	Loan facilities from Sampath Bank PLC	4,961,011 Property, Plant & Equipment
Property, Plant & Equipment-Energy Lanka Holdings	Pledged to Sampath Bank PLC to obtain loan facilities.	383,430 Property, Plant & Equipment

47. RELATED PARTY DISCLOSURES

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) of the Company and their immediate family members have been classified as Key Management Personnel of the Company. In addition, Chief Executive Officer together with their immediate family members have also been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs. As the Ceylinco Insurance PLC (CIPLC) is the ultimate parent of the Company, and the Board of Directors of the CIPLC have the authority and responsibility of planning, directing and controlling the activities of the Company, the Directors of the CIPLC and their immediate family members have also been identified as Key Management Personnel of the Company.

NOTES TO THE FINANCIAL STATEMENTS

47 (a) Compensation of Key Management Personnel

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Short-Term Employee Benefits - Company	222,062,404	159,384,764	222,062,404	159,384,764
Short Term & Long Term Employee Benefits Received from the Subsidiaries	1,105,897,008	1,121,577,000	-	-
	1,327,959,412	1,280,961,764	222,062,404	159,384,764

47 (b) Transaction With Related Parties-Subsidiaries

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	1,540,622,932	1,396,772,966
	1,540,622,932	1,396,772,966

47 (c) Transaction With Related Parties-Sub Subsidiaries

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	118,153,129	122,783,120
	118,153,129	122,783,120

47 (d) Transaction With Related Parties -Equity Accounted Investees

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	58,371,530	12,972,581
	58,371,530	12,972,581

Transaction With related Parties - Subsidiaries

47 (b) i CEG Education Holding (pvt) Ltd

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	82,459,969	67,823,975
	82,459,969	67,823,975

47 (b) ii Ceylinco Insurance Company(Pvt) Ltd-Maldives

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	60,159,750	66,258,203
	60,159,750	66,258,203

47 (b) iii Ceylinco General Insurance Ltd.

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	485,502,300	475,190,000
	485,502,300	475,190,000

47 (b) iv Ceylinco Life Insurance Ltd.

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	912,500,913	787,500,788
	912,500,913	787,500,788

Transaction With related Parties - Sub Subsidiaries

47 (c) i American Education Centre Ltd

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	15,916,250	16,050,000
	15,916,250	16,050,000

47 (c) ii International College of Business & Technologies Ltd.

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	102,236,879	106,733,120
	102,236,879	106,733,120

NOTES TO THE FINANCIAL STATEMENTS

Transaction With Related Parties -Equity Accounted Investees

47 (d) i Energy Generators (Pvt)Ltd.

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	48,258,001	12,972,581
	48,258,001	12,972,581

47 (d) ii Citizen Development Business Finance PLC

Year ended 31 December	2023	2022
	Rs.	Rs.
Dividend Received/ (Paid)	10,113,529	8,923,703
	10,113,529	8,923,703

48. EMPLOYEE AND INDUSTRIAL RELATIONS

There were no material issues pertaining to Employees & Industrial relations during the year.

49. DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM SLFRS 9

Group's activities are predominantly connected with Insurance and therefore its permitted by SLFRS 9 temporary exemption to defer SLFRS 9 until adoption of IFRS 17 which is expected to be adopted in 2026.

As at balance sheet date % of insurance related liabilities	91%
As required by SLFRS 9 the minimum % to be eligible for the exemption	90%

50. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustment to ,or disclosure in the Financial Statements.

**SUPPLEMENTARY
INFORMATION**



QUARTERLY ANALYSIS 2023

Consolidated Statement of Income

	1st quarter Jan- Mar.23 Rs.'000	2nd quarter Apr- Jun.23 Rs.'000	3 rd quarter Jul- Sep.23 Rs.'000	4th quarter Oct- Dec.23 Rs.'000	Total Jan- Dec.23 Rs.'000
Gross Written Premiums	14,951,092	16,644,030	15,612,267	17,095,982	64,303,371
Premiums Ceded to Reinsurers	(4,785,811)	(3,339,894)	(4,346,038)	(4,420,416)	(16,892,159)
Net Written Premiums	10,165,281	13,304,136	11,266,229	12,675,566	47,411,212
Net change in Reserve for Unearned Premium	(802,117)	476,686	164,020	130,527	(30,884)
Net Earned Premium	9,363,164	13,780,822	11,430,249	12,806,093	47,380,328
Revenue from Subsidiaries	1,306,351	1,290,424	1,402,728	1,625,401	5,624,904
	10,669,515	15,071,246	12,832,977	14,431,494	53,005,232
Investment and Other Income	8,185,215	8,169,314	8,741,768	10,012,165	35,108,462
Net Income	18,854,730	23,240,560	21,574,745	24,443,659	88,113,694
Net Benefits and Claims	(7,786,153)	(7,541,992)	(7,472,076)	(8,637,017)	(31,437,238)
Increase in Life Insurance Fund	(3,522,997)	(7,903,011)	(6,163,857)	(5,425,876)	(23,015,741)
Acquisition Cost	(1,156,386)	(1,257,851)	(1,259,499)	(1,256,347)	(4,930,083)
Cost of sales of Subsidiaries	(342,202)	(348,537)	(378,670)	(508,058)	(1,577,467)
Other Operating and Administrative Expenses	(3,231,706)	(3,302,172)	(3,195,980)	(2,624,171)	(12,354,029)
Impairment Provision				(13,223)	(13,223)
Finance Cost	(117,166)	(89,820)	(103,464)	(81,778)	(392,228)
Total Benefits, Claims and Other Expenses	(16,156,610)	(20,443,383)	(18,573,546)	(18,533,247)	(73,720,009)
Profit Before Share of Associates	2,698,120	2,797,177	3,001,199	5,910,412	14,393,685
Share of Profit of Associates	146,300	92,110	(5,408)	335,549	568,551
Profit Before Tax	2,844,420	2,889,287	2,995,791	6,245,961	14,962,236
Income Tax Expense	(770,168)	(931,602)	(891,979)	(840,472)	(3,434,221)
Profit For the Year	2,074,252	1,957,685	2,103,812	5,405,489	11,528,015

Company Statement of Income

	1st quarter Jan- Mar.23 Rs.'000	2nd quarter Apr- Jun.23 Rs.'000	3 rd quarter Jul- Sep.23 Rs.'000	4th quarter Oct- Dec.23 Rs.'000	Total Jan- Dec.23 Rs.'000
Gross Written Premiums	-	-	-	-	-
Premiums Ceded to Reinsurers	-	-	-	-	-
Net Written Premiums	-	-	-	-	-
Net change in Reserve for Unearned Premium	-	-	-	-	-
Net Earned Premium	-	-	-	-	-
Investment and Other Income	90,523	1,456,124	87,687	266,720	1,901,054
Net Income	90,523	1,456,124	87,687	266,720	1,901,054
Net Benefits and Claims	-	-	-	-	-
Increase in Life Insurance Fund	-	-	-	-	-
Acquisition Cost	-	-	-	-	-
Other Operating and Administrative Expenses	(71,889)	(71,681)	(66,128)	(84,876)	(294,574)
Impairment Provision				(30,000)	(30,000)
Finance Cost	(8)	(21)	(689)	(150)	(868)
Total Benefits, Claims and Other Expenses	(71,897)	(71,702)	(66,817)	(85,026)	(325,442)
Profit Before Tax	18,626	1,384,422	20,870	181,694	1,575,612
Income Tax Expense	(13,264)	(13,616)	(137,591)	97,433	(67,038)
Profit for the Year	5,362	1,370,806	(116,721)	279,127	1,508,574

Note: First three quarter information are based on published quarterly accounts and fourth quarter information is based on audited Accounts.

QUARTERLY ANALYSIS 2022

Consolidated Statement of Income

	1st quarter Jan- Mar.22 Rs.'000	2nd quarter Apr- Jun.22 Rs.'000	3 rd quarter Jul- Sep.22 Rs.'000	4th quarter Oct- Dec.22 Rs.'000	Total Jan- Dec.22 Rs.'000
Gross Written Premiums	14,591,323	14,168,400	13,858,119	15,621,819	58,239,661
Premiums Ceded to Reinsurers	(2,989,665)	(3,711,498)	(3,685,645)	(4,483,314)	(14,870,122)
Net Written Premiums	11,601,658	10,456,902	10,172,474	11,138,505	43,369,539
Net change in Reserve for Unearned Premium	(953,494)	388,992	41,256	628,619	105,373
Net Earned Premium	10,648,164	10,845,894	10,213,730	11,767,124	43,474,912
Revenue from Subsidiaries	1,068,806	1,058,772	1,111,386	1,105,341	4,344,305
	11,716,970	11,904,666	11,325,116	12,872,465	47,819,217
Investment and Other Income	4,606,888	5,143,423	7,563,668	11,887,077	29,201,056
Net Income	16,323,858	17,048,089	18,888,784	24,759,542	77,020,273
Net Benefits and Claims	(5,519,031)	(5,781,462)	(6,722,521)	(8,815,987)	(26,839,001)
Increase in Life Insurance Fund	(4,036,537)	(4,331,915)	(742,805)	(4,264,700)	(13,375,957)
Acquisition Cost	(1,165,677)	(1,113,950)	(1,100,046)	(1,177,456)	(4,557,129)
Cost of sales of Subsidiaries	(241,818)	(258,557)	(302,159)	(364,577)	(1,167,111)
Other Operating and Administrative Expenses	(3,155,744)	(3,186,317)	(3,151,196)	(3,077,776)	(12,571,033)
Impairment Provision				(2,782,117)	(2,782,117)
Finance Cost	(104,678)	(96,441)	(47,642)	(141,164)	(389,925)
Total Benefits, Claims and Other Expenses	(14,223,485)	(14,768,642)	(12,066,369)	(17,841,660)	(61,682,273)
Profit Before Share of Associates	2,100,373	2,279,447	6,822,415	6,917,882	15,338,000
Share of Profit of Associates	409,561	212,370	21,317	299,758	943,006
Profit Before Tax	2,509,934	2,491,817	6,843,732	7,217,640	16,281,006
Income Tax Expense	(497,570)	(617,900)	(1,210,336)	(699,309)	(3,025,115)
Profit For the Year	2,012,364	1,873,917	5,633,396	6,518,331	13,255,891

Company Statement of Income

	1st quarter Jan- Mar.22 Rs.'000	2nd quarter Apr- Jun.22 Rs.'000	3 rd quarter Jul- Sep.22 Rs.'000	4th quarter Oct- Dec.22 Rs.'000	Total Jan- Dec.22 Rs.'000
Gross Written Premiums	-	-	-	-	-
Premiums Ceded to Reinsurers	-	-	-	-	-
Net Written Premiums	-	-	-	-	-
Net change in Reserve for Unearned Premium	-	-	-	-	-
Net Earned Premium	-	-	-	-	-
Investment and Other Income	130,737	1,326,544	87,115	343,695	1,888,091
Net Income	130,737	1,326,544	87,115	343,695	1,888,091
Net Benefits and Claims	-	-	-	-	-
Increase in Life Insurance Fund	-	-	-	-	-
Acquisition Cost	-	-	-	-	-
Other Operating and Administrative Expenses	(48,938)	(50,771)	(50,515)	(51,563)	(201,787)
Impairment Provision				(23,588)	(23,588)
Finance Cost	(5)	(15)	(331)	(828)	(1,179)
Total Benefits, Claims and Other Expenses	(48,943)	(50,786)	(50,846)	(52,391)	(226,554)
Profit Before Tax	81,794	1,275,758	36,269	291,304	1,661,537
Income Tax Expense	(4,316)	(188,420)	(10,282)	(2,573)	(205,591)
Profit for the Year	77,478	1,087,338	25,987	288,731	1,455,946

Note: First three quarter information are based on published quarterly accounts and fourth quarter information is based on audited Accounts.

TEN YEAR SUMMARY

Statement of Financial Position

Group

As at 31 December	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets										
Intangible Assets	299,756	367,179	319,879	388,710	398,227	116,208	165,621	136,861	89,005	45,170
Property, Plant and Equipment	31,125,336	28,448,031	22,943,260	21,998,187	22,076,319	18,926,835	17,546,527	17,546,496	11,988,889	9,889,427
Investments	229,339,950	194,464,820	181,129,789	154,616,448	134,973,999	120,240,010	107,801,759	97,387,970	78,066,663	66,832,062
Other Assets	39,036,419	38,400,226	27,945,437	24,136,418	22,451,495	21,649,406	19,030,420	17,243,197	18,020,477	19,313,528
Total Assets	299,801,461	261,680,256	232,338,365	201,139,763	179,900,040	160,932,459	144,544,327	132,314,524	108,165,034	96,080,187
Equity and Liabilities										
Issued Share Capital	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822
Retained Earnings	75,428,052	66,713,406	57,898,521	48,633,350	41,501,562	35,174,468	26,623,524	19,630,683	16,185,402	13,739,147
Retained Reserves	3,098,540	2,336,611	2,897,854	2,980,010	2,338,439	2,477,581	2,974,246	2,703,501	2,560,652	2,892,787
Revaluation Reserve	4,868,385	4,789,378	4,608,433	4,704,195	4,434,995	3,325,935	3,365,706	3,411,509	2,141,754	2,126,854
Restricted Regulatory Reserve	3,456,184	3,456,184	3,456,184	3,456,184	3,456,184	3,456,184	3,456,184	-	-	-
Total Capital and Reserve	88,175,983	78,620,401	70,185,814	61,098,561	53,056,002	45,758,990	37,744,482	27,070,515	22,212,630	20,083,610
Minority Interest	3,759,427	3,274,900	2,544,124	2,323,015	2,324,107	1,890,031	1,658,418	1,551,468	860,378	762,469
Liabilities										
Insurance Provision - Life	156,683,565	134,031,487	118,780,428	105,883,025	95,349,737	87,194,850	80,869,407	77,070,762	67,157,184	60,021,879
Unit Linked Fund	661,233	663,337	686,266	657,389	582,925	519,695	427,146	333,129	268,062	228,873
Insurance Provision - Non- Life	16,713,157	15,573,919	15,227,333	13,033,217	12,470,431	12,353,210	11,887,150	11,660,029	9,576,722	9,259,497
Other Liabilities	33,808,096	29,516,212	24,914,400	18,144,556	16,116,838	13,215,683	11,957,724	13,078,621	8,090,057	5,723,859
Total Liabilities	207,866,051	179,784,955	159,608,427	137,718,187	124,519,931	113,283,438	105,141,427	102,142,541	85,092,025	75,234,108
Total Equity and Liabilities	299,801,461	261,680,256	232,338,365	201,139,763	179,900,040	160,932,459	144,544,327	130,764,524	108,165,034	96,080,187

As at 31 December	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Long Term - Supplemental Assets										
Intangible Assets	260,235	317,695	296,448	362,838	349,627	37,358	56,950	2,759	645	2,198
Property, Plant and Equipment	12,999,402	12,031,022	10,415,154	9,280,573	9,401,315	7,567,806	7,371,482	7,068,634	5,343,752	4,760,395
Investments	198,100,434	165,906,315	154,455,119	133,707,835	116,918,311	103,744,946	92,264,056	84,220,630	67,139,575	57,209,653
Other Assets	13,355,197	13,276,908	8,596,232	7,450,140	6,542,149	6,709,280	6,402,007	5,166,066	7,751,193	9,096,076
Total Assets	224,715,268	191,531,940	173,762,956	150,801,386	133,211,402	118,059,390	106,094,495	96,458,089	80,235,165	71,068,323
Liabilities										
Insurance Provision - Life	157,768,305	134,885,839	119,634,780	106,737,377	96,204,089	88,049,202	81,723,759	77,925,114	68,011,535	60,021,879
Unit linked Fund and Other Funds	661,232	663,337	686,266	657,389	582,925	519,695	427,146	33,129	268,062	228,872
Equity and Other Liabilities	66,285,731	55,982,764	53,441,910	43,406,620	36,424,389	29,490,493	23,943,590	18,199,846	11,955,568	10,817,572
Total Liabilities	224,715,268	191,531,940	173,762,956	150,801,386	133,211,403	118,059,390	106,094,495	96,458,089	80,235,165	71,068,323
Investor Information										
Return on Net Assets	0.16	20.71	17.99	19.50	20.83	24.18	24.36	21.43	18.45	19.76
Net Assets Per Share - Group	Rs. 3,334.45	2,976.41	2,657.10	2,313.07	2,008.60	1,732.34	1,428.90	1,024.83	840.93	760.33
Net Assets Per Share - Company	Rs. 695.57	682.76	668.30	652.39	679.19	666.32	653.09	639.98	622.99	671.02
Market Price Per Share 31st December										
Voting	Rs. 2,450.00	2,249.50	2,249.75	1,997.80	1,986.90	1,990.00	1,597.00	1,490.00	1,410.10	1,379.00
Non-Voting	Rs. 820.00	1,026.75	1,197.00	1,021.80	840.00	950.00	825.10	730.00	800.00	550.00
Earnings Per Share	Rs. 408.67	478.66	368.58	351.18	323.45	317.76	306.21	176.00	132.32	96.46
Price Earnings (times) - Voting	6.00	4.70	6.10	5.69	6.14	6.26	5.22	8.47	10.66	14.00
Price Earnings (times) - Non Voting	2.00	2.10	3.25	2.91	2.60	2.99	2.69	4.15	6.05	5.00
Market Capitalisation	Rs. Mh 54,259	51,575	52,673	46,510	45,126	45,894	37,233	34,483	33,334	31,103
Dividend Per Share	Rs. 48	45	42	40.00	38.00	35.00	31.50	27.50	22.50	20.00
Employee Information										
Revenue Per Employee	Rs. '000 24,744	20,446	15,777	14,881	15.13	12.71	11.94	11.23	14.45	9.10
Net Profit Per Employee	Rs. '000 4,201	4,322	3,285.61	3,169.90	3,182.95	2,845.15	3,403.64	1,635.75	1,708.41	1,116.00
Number of Employees	Nos 3,561	3,767	3,842	3,758	3,472	3,889	3,717	3,546	3,336	3,556

TEN YEAR SUMMARY

Statement of Comprehensive Income

Year ended 31 December	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non- Life (Sri Lanka)										
Gross Written Premium	25,246,863	24,351,536	20,206,104	20,094,192	19,802,995	19,186,707	17,976,991	16,116,889	13,557,833	12,164,864
Net Earned Premium	14,510,651	14,671,926	13,253,522	13,555,494	14,386,415	14,192,538	13,209,435	11,783,117	10,152,931	9,359,977
Investment Income and Other Income	4,129,897	6,606,138	1,745,143	1,367,114	1,605,967	1,686,768	1,509,953	1,099,638	888,870	1,022,541
Net Claims	(8,239,975)	(7,830,283)	(7,063,541)	(6,635,199)	(8,253,594)	(7,523,261)	(7,371,429)	(6,699,268)	(5,690,518)	(5,259,911)
Acquisition Expenses (Net of	(1,256,570)	(1,249,064)	(1,169,605)	(1,221,200)						
Reinsurance Commission)				(1,112,842)	(1,034,245)	(1,123,388)	(883,178)	(726,892)	(570,376)	
Operating & Administrative Expenses	(5,008,307)	(5,469,259)	(4,966,757)	(5,150,081)	(4,800,854)	(4,933,854)	(4,474,776)	(3,856,112)	(3,653,431)	(3,684,496)
Impairment Provision		(2,758,529)								
Operating Profit Before Interest Expenses	4,135,696	3,970,929	1,798,762	1,916,128	1,825,092	2,387,946	1,749,795	1,444,197	970,960	867,735
Life										
Gross Written Premium	33,411,394	29,160,164	25,565,050	22,076,250	18,718,553	17,812,774	15,765,484	15,027,600	13,456,827	12,002,524
Net Written Premium	32,771,519	28,687,967	25,256,551	21,570,787	18,168,431	17,355,265	15,343,267	14,653,771	13,146,772	11,715,219
Investment Income and Other Income	27,889,451	19,865,261	15,129,139	14,781,176	13,214,619	11,254,983	10,153,418	8,660,289	6,650,585	6,735,305
Net Claims and Benefit	(23,135,049)	(18,969,267)	(12,736,308)	(12,266,513)	(10,604,065)	(9,803,550)	(3,230,796)	(6,651,682)	(5,956,744)	(4,893,847)
Commission (Net of Reinsurance commission)	(2,165,921)	(1,891,337)	(2,369,754)	(1,992,619)	(1,784,857)	(1,787,203)	(1,655,350)	(1,573,586)	(1,519,801)	(1,299,135)
Increase in Life Insurance Fund	(23,246,129)	(13,375,957)	(11,803,985)	(9,423,994)	(7,189,811)	(6,457,292)	(7,258,502)	(8,397,889)	(7,135,304)	(7,256,468)
Operating & Administrative Expenses	(3,824,629)	(4,300,707)	(4,836,630)	(3,823,330)	(3,550,209)	(3,384,487)	(3,532,496)	(2,937,262)	(2,994,098)	(2,673,584)
Operating Profit Before Interest Expenses	8,289,242	10,015,960	8,639,013	8,845,507	8,254,108	7,177,716	9,819,541	3,753,641	2,191,410	2,327,490
Total Business (Group)										
Gross Written Premium	64,303,371	58,239,661	47,881,540	43,896,576	40,217,891	38,161,544	34,662,431	31,818,590	27,984,159	25,222,854
Revenue	88,113,694	77,020,273	60,613,392	55,924,487	52,539,868	49,425,436	44,388,628	39,824,723	34,670,693	32,262,950
Net Earned Premium	47,380,328	43,474,912	38,583,559	35,208,695	32,672,321	31,689,100	28,651,040	26,551,980	23,486,332	21,301,922
Benefit Losses and Expenses	(56,030,446)	(41,382,070)	(32,561,211)	(29,270,312)	(27,229,416)	(24,770,538)	(18,728,842)	(22,503,122)	(19,560,433)	(18,091,004)
Other Revenue	40,733,366	33,545,361	22,029,833	20,715,792	19,867,547	17,736,336	15,737,588	13,272,743	11,184,361	10,962,028
Operating and Administrative Expenses	(17,284,112)	(17,128,162)	(16,484,078)	(15,396,692)	(14,464,635)	(14,065,610)	(13,248,750)	(11,665,905)	(11,163,293)	(10,187,694)
Impairment Provision	(13,223)	(2,782,117)								
Operating Profit Before Interest Expenses	14,785,913	15,727,924	11,568,103	11,257,483	10,845,817	10,589,288	12,411,036	5,655,696	3,946,967	3,985,252
Interest Expenses	(392,228)	(389,925)	(249,539)	(273,088)	(288,606)	(170,888)	(153,112)	(143,853)	(124,218)	(167,890)
Income from Associates	541,019	943,006	1,304,768	928,097	493,980	646,371	393,414	288,518	275,724	150,917
Profit Before Taxation	14,934,704	16,281,005	12,623,332	11,912,492	11,051,191	11,064,771	12,651,338	5,800,361	4,098,473	3,968,279
Income Tax Expenses	(3,421,239)	(3,025,115)	(2,562,683)	(2,534,488)	(2,268,103)	(2,399,319)	(868,751)	(953,741)	(448,257)	(1,118,602)
Profit for the Year	11,513,465	13,255,890	10,060,649	9,378,004	8,783,088	8,665,452	11,782,587	4,846,618	3,650,216	2,849,677

GLOSSARY OF FINANCIAL & INSURANCE TERMS

1. ACQUISITION EXPENSES

All expenses which vary with and are primarily related to the acquisition of new insurance contracts and the renewal of existing insurance contracts.

2. ACTUARY

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

3. ADMISSIBLE ASSETS

Assets that are included in determining an insurer's statutory solvency margin, specified under the rules made by the Insurance Regulatory Commission of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000.

4. CLAIMS

The amount payable under a contract of insurance arising from occurrence of an insured event such as destruction or damage of property and related death or injuries, the incurring of hospital or medical bills, death or disability of the insured.

5. CLAIMS INCURRED

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.

6. CLAIMS INCURRED BUT NOT REPORTED (IBNR)

A Reserve to cover the expected cost of losses that have occurred by the Balance Sheet date but have not yet been reported to the insurer.

7. COMMISSION

Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.

8. DEFERRED ACQUISITION EXPENSES / DEFERRED ACQUISITION EXPENSE RESERVE

Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.

9. EARNED PREMIUM

Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.

10. EARNINGS PER SHARE

Net Profits of the Company after tax divided by the Number of Ordinary shares in issue.

11. GROSS CLAIMS RESERVE

The amount provided, including claims incurred but not reported and claims handling expenses, to cover the estimated ultimate cost, arising out of events occurred by the end of the accounting period, less amounts already paid in respect of those claims.

12. GROSS WRITTEN PREMIUM

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

13. INSURANCE

Insurance is a contract whereby one party the insurer, in return for a consideration i.e, the premium, undertakes to pay to the other party - the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

14. INSURANCE PROVISION

This comprises of the gross claims reserve unearned premium reserve net of re-insurance and the deferred acquisition expenses

15. NET COMBINED RATIO

This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio.

16. NET EARNED PREMIUM

Gross Written Premium adjusted for the reinsurance incurred and for the increase or decrease in Unearned Premium.

17. NET EXPENSE RATIO

A formula used by insurance companies to relate acquisition and other operating and administrative expenses to net earned premium.

Formula :

$$\frac{\text{Acquisition and Other Operating and Administrative Expenses}}{\text{Net Earned Premium}}$$

18. NET LOSS RATIO

A formula used by insurers to relate net claims incurred to net earned premium (i.e. after deducting relevant reinsurance)

Formula:

$$\frac{\text{Net Claims Incurred}}{\text{Net Earned Premium}}$$

19. NET ASSETS PER SHARE

Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.

20. NET WRITTEN PREMIUM

Gross Written Premium less reinsurance premium

GLOSSARY OF FINANCIAL & INSURANCE TERMS

21. NET CLAIMS INCURRED

Claims incurred less reinsurance recoveries.

22. NON LIFE INSURANCE

Non Life Insurance and General Insurance have the identical meaning.

23. POLICY

The printed document issued to the policyholder by the Company stating the terms of the insurance contract.

24. PREMIUM

The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.

25. REINSURANCE

A method of insurance arranged by insurers to share the exposure of risks accepted.

26. REINSURANCE COMMISSION

Commission received or receivable in respect of premium paid or payable to a reinsurer.

27. REINSURANCE PREMIUM

The premium payable to the reinsurer.

28. RETURN ON SHAREHOLDERS' EQUITY

Profits after tax divided by the Capital employed as at Balance Sheet date.

29. RETURN ON TOTAL ASSETS

Profits after Tax divided by Total assets attributable to Shareholders.

30. RISK BASED CAPITAL (RBC)

An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.

31. UNDERWRITING RESULT

This is the profit generated purely from the Non life Insurance business without taking into account the investment income and other non- technical income and expenses.

32. UNEARNED PREMIUM/ UNEARNED PREMIUM RESERVE

It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.

NOTICE OF MEETING

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Shareholders of the Company will be held on 21st May 2024 at 10.30 a.m. as a virtual meeting emanating from the Auditorium - Level 7, ICBT Building, No. 36, De Krester Place, Bambalapitiya, Colombo 04 and the business to be brought before the meeting will be :

ORDINARY BUSINESS

1. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st. December, 2023 and the Report of the Auditors thereon.
2. To declare a Dividend for the year ended 31st. December, 2023
3. To re-elect Mr. Ajith Rohan Gunawardena, who retires by rotation at the Annual General Meeting in terms of Article 95, as a Director.
4. To re-elect Dr. Watuthantrige Chakrine Jagath Alwis who retires by rotation at the Annual General Meeting in terms of Article 95, as a Director.
5. To re-elect Mr. Palitha Abeysekera Jayawardena who retires by rotation at the Annual General Meeting, in terms of Article 95, as a Director.
6. To re-elect Mr. Elmo Thushara Lalindra Ranasinghe who retires by rotation at the Annual General Meeting, in terms of Article 95, as a Director.
7. To re-elect Mr. Kapila Prasanna Ariyaratne who was appointed to the Board in terms of Article 87, as a Director.
8. To re-elect Mr. Don Herschel Jayaprithi Gunawardena, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution :

"Resolved that Mr. Don Herschel Jayaprithi Gunawardena who will be 75 years in December, 2024 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007

shall not apply to Mr. Don Herschel Jayaprithi Gunawardena"

9. To re-elect Mr. Nugent Duncan Nugawela, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution :

"Resolved that Mr. Nugent Duncan Nugawela who will be 72 years in December, 2024 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Nugent Duncan Nugawela.
10. To re-elect Mr. Rajkumar Renganathan, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution :

"Resolved that Mr. Rajkumar Renganathan who will be 71 years in December, 2024 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Rajkumar Renganathan.
11. To re-elect Mr. Saroja Hemakumar Weerasuriya, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution :

"Resolved that Mr. Saroja Hemakumar Weerasuriya who will be 70 years in December, 2024 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall

not apply to Mr. Saroja Hemakumar Weerasuriya.

12. To authorise the Directors to determine payments for charitable purposes for the year 2024.
13. To re-appoint Auditors and authorise the Board of Directors to determine their remuneration.

SPECIAL BUSINESS - PROPOSED NAME CHANGE

14. To consider and if thought fit, to pass the following resolution as a Special Resolution

"IT IS HEREBY RESOLVED THAT the Company name be changed from "CEYLINCO INSURANCE PLC" TO "CEYLINCO HOLDINGS PLC" in accordance with the provisions of the Companies Act No. 7 of 2007 and as required by the Insurance Regulatory Commission of Sri Lanka"

By Order of the Board of Ceylinco Insurance PLC



Mrs. Nilika Abhayawardhana
Company Secretary

21st March 2024
Colombo

Note :

Any shareholder unable to attend the Meeting may appoint another to attend and vote for him and such proxy need not be a shareholder of the Company.

The completed Form of Proxy should be deposited at the Head Office of the Company, "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1, before 10.30 a.m. on 19th May 2024. A Proxy drop box is also available at Ground floor of the Ceylinco House.

CORPORATE INFORMATION

Registered Office

"Ceylinco House"
No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

Company Website

www.ceylincoinsuranceplc.com

Company Registration Number

PQ 24

Legal Form

A Quoted Public Company with limited liability, incorporated in Sri Lanka in 1987.

Main Places of Business

Life Insurance

"Ceylinco Life Tower", No. 106, Havelock Road, Colombo 5, Sri Lanka.
Telephone : 2461000
Call Centre : 2461461 (Hotline)
Fax : 2555959
E-mail : service@ceylife.lk
Website : www.ceylincolife.com

General Insurance

"Ceylinco House", No. 69, Janadhipathi Mawatha, Colombo 1, Sri Lanka.
Telephone : 2485757-9
Call Centre : 2393939
Fax : 2485701
E-mail : ceylincoinsurance@ceylins.lk
Website : www.ceylinco-insurance.com

The Stock Exchange Listing

The Ordinary Shares (Voting and Non Voting) of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

Principal Activities

Management of Investment, Insurance Operations, Health Care Operations, Education and Power Generation.

Auditors

Ernst & Young, Chartered Accountants, "Rotunda Towers"
No. 109, Gall Road,
PO BOX 101, Colombo 03, Sri Lanka.

Consulting Actuaries

Life Insurance

Willis Towers Watson India Private Limited Unitech Business Park, 2nd floor, Tower - B, South City - 1, Sector 41 Gurgaon-122002, India.

General Insurance

M/s. K. A. Pandit Consultants & Actuaries, 2nd Floor - "Churchgate House", Veer Nariman Road, Fort, Mumbai - 400 001, India.

Board of Directors

Mr. A.R. Gunawardena F.C.I.C., Honorary Fellow - ICBT Campus, Associate Collage of Cardiff Metropolitan University, U.K.
- Executive Chairman / Chief Executive Officer (Executive Director)

Mr. R. Renganathan F.C.A., F.C.M.A. (Non-Executive Deputy Chairman)

Mr. H.D.K.P. Alwis F.C.I.C. Executive Director/Chief Operating Officer- General Insurance & Subsidiaries

Mr. E.T.L. Ranasinghe M.B.A., (Sri J.), Executive Director/Chief Operating Officer- Life & Subsidiaries

Mr. T.N.M. Peiris B.A. (Econ.) (Hons.), F.C.A., F.C.M.A., F.C.I.C. Executive Director (Finance) / Head of Finance

Mr. U. Witharana F.C.A., M.B.A., F.C.M.A. Executive Director/Chief Financial Officer

Dr. W.C.J. Alwis B.Sc., F.I.I.I., F.C.I.I. (Lond.), F.I.o.D. (U.K.) (Non-Executive Director)

Mr. P.D.M. Cooray LUTCF (U.S.A.), C.I.A.M., C.I.I. (AWARD) Executive Director/Head of Training

Mr. S.R. Abeynayake F.C.A., M.B.A. (Sri J.), F.C.M.A (Non-Executive Director)

Mr. K.I. Dharmawardena Attorney-at- Law ("Independent" Non-Executive Director)
- Expired on 06.12.2023

Mr. D.H.J. Gunawardena F.C.M.A. (U.K.), CGMA ("Independent" Non-Executive Director)

Mr. P.A. Jayawardena F.C.A., F.C.M.A. (Non-Executive Director)

Mr. Takashi Kishi (Non-Executive Director)

Mr. N. Vasantha Kumar M.B.A ("Independent" Non-Executive Director)

Mr. N.D. Nugawela F.C.I.C. (Non-Executive Director)

Mr. S.H.J. Weerasuriya B.Sc. (Lond.), M.I.C.E., F.I.E. (S.L.), F.S.S.E. (S.L.), C. Eng. ("Independent" Non-Executive Director)

Mr. K.P. Ariyaratne ("Independent" Non-Executive Director) Appointed w.e.f. 06.12.2023

Company Secretary

Mrs. Nilika Abhayawardhana A.C.I.S. (U.K.) A.C.C.S (S.L.)

Bankers

Bank of Ceylon
Cargills Bank Limited
Commercial Bank of Ceylon PLC
DFCC Bank
DFCC Vardhana Bank
Hatton National Bank PLC
National Development Bank PLC
National Savings Bank
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Regional Development Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
State Mortgage and Investment Bank
Union Bank of Colombo PLC

"CEYLINCO HOUSE"

No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

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Call Centre : 2393939

Fax : 2485701

E-mail : ceylincoinsurance@ceyins.lk

Website : www.ceylincoinsuranceplc.com