

Steadfast and Unwavering

CEYLINCO LIFE INSURANCE LIMITED
INTEGRATED ANNUAL REPORT 2022





Steadfast and Unwavering

We at Ceylinco Life have always stood **steadfast** as the "Market Leader" in the life insurance sphere displaying an **unwavering** commitment to the progress of the nation. With the staunch belief that a corporate is much more than a business enterprise generating wealth, we have always forged ahead with a deep sense of responsibility and an unwavering commitment to be an integral part of the social system. Transcending beyond by delivering enduring value to meet collective human and societal aspirations, we have focused on our larger purpose of making a difference in the lives and livelihoods of Sri Lankans. This has inspired us to contribute to the nation's progress and move ahead by delivering enduring value to our stakeholders.

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LEADING WITH UNWAVERING
COURAGE & CONVICTION

CHAIRMAN'S MESSAGE

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"THE COMPANY'S TIME-TESTED CORPORATE GOVERNANCE FRAMEWORK, FULLY COMPLIANT WITH APPLICABLE REGULATIONS AND REINFORCED WITH BEST PRACTICES, PROVED AS A VALID BLUEPRINT FOR OUR BOARD OF DIRECTORS AND STRATEGIC AND CORPORATE MANAGEMENT TEAM TO BE GUIDED BY, IN NAVIGATING THESE COMPLEXITIES."

IN SIDE



DRIVING STEADFAST GROWTH
AND TRANSFORMATION

MANAGING DIRECTOR'S REVIEW

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"SUCCESS IS TO BE MEASURED NOT BY THE POSITION WE HAVE ACHIEVED AS A COMPANY, BUT BY THE OBSTACLES WE HAVE OVERCOME TOGETHER."

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HOW TO NAVIGATE OUR REPORT

For ease of reference and navigation, this report utilises a suite of icons as denoted below:

CAPITALS



STRATEGIC PILLARS



STAKEHOLDERS



SUSTAINABLE DEVELOPMENT GOALS



DIRECTORS' RESPONSIBILITY STATEMENT

Dear Stakeholder,

This integrated report serves as a comprehensive account of the financial year ended 31st December 2022 and reflects on how your company remained **"steadfast"** and **"unwavering"** in its commitment to create sustainable value amid unprecedented challenges. It further outlines our progress towards fulfilment of its vision, in the backdrop of an ever-evolving landscape.

Our strong market leadership position, longstanding stakeholder partnerships, a commitment towards sustainability and an ongoing journey of digitalisation have earned us a reputation for trust, stability and adaptability, thereby building a foundation that transforms and sustains the triple-bottom-line of People, Profit and Planet.

During 2022, we generated qualitative and quantitative values across our sphere of influence; responding to prevailing needs while formulating farsighted strategies designed to safeguard and preserve the future. While these strategies and priorities evolved to reflect a volatile environment, they reinforced our underlying purpose to de-risk the lives and livelihoods around us.


This report further provides an outline of the Company's outlook and future perspective. We believe that building on this adaptive framework, we are poised to deliver consistent value well into the years ahead.

We take great pleasure in presenting this report, our primary means of communication with our stakeholders. All contents were prepared under the guidance and supervision of the Corporate and Strategic Management and subject to a comprehensive review by internal staff members and external consultants.

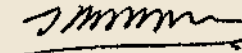
We, as the Board, acknowledge the ultimate responsibility for ensuring the integrity of this report, and therefore applied our collective knowledge to scrutinise and assess the contents herein to ensure its compliance with the International Integrated Reporting Council (IIRC)'s Integrated Reporting <IR> Framework. We are of the opinion that this report represents a balanced and fair account of our performance, its impact on stakeholders and the environment in which we operate. We further confirm that the report accurately depicts the Company's business model, internal controls and its ability to generate value over the short, medium and long-term.

We have further assessed all information for its accuracy, validity and the impact its presence or otherwise may have on decision-making and deem that all matters material to stakeholders have been disclosed.

Therefore, under the guidance of the Board Audit Committee, the Board of Directors approved Ceylinco Life's Integrated Annual Report 2022 on 23rd February 2023.



R Renganathan
Executive Chairman



E T L Ranasinghe
Managing Director/Chief Executive Officer

23rd February 2023

REPORTING SUITE

ABOUT THIS REPORT

WE WARMLY WELCOME YOU TO THE 8TH INTEGRATED ANNUAL REPORT OF CEYLINCO LIFE INSURANCE LTD., THEMED 'STEADFAST AND UNWAVERING'.

In line with this overarching theme, Ceylinco Life explores its ability to create and distribute consistent value even amid challenging circumstances, and the underlying factors that enabled the company to sustain its journey.

Reaching out to our stakeholders through different platforms



Connect with us.

Scan the QR code for a quick and easy connect on your smart phone.

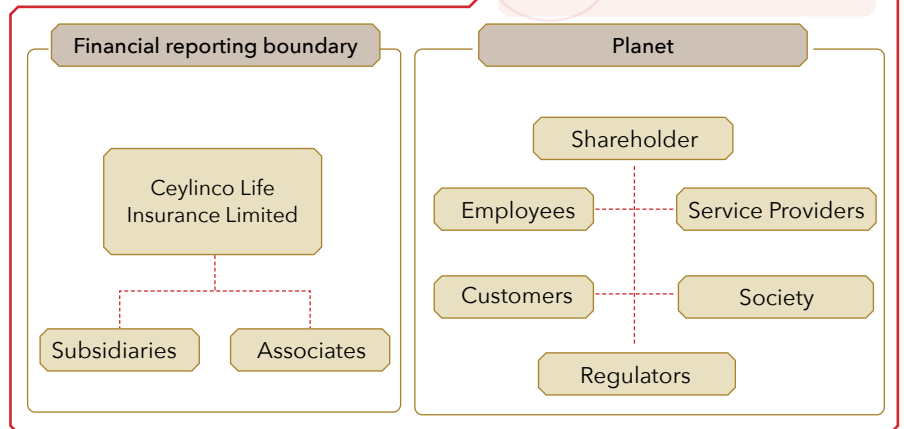
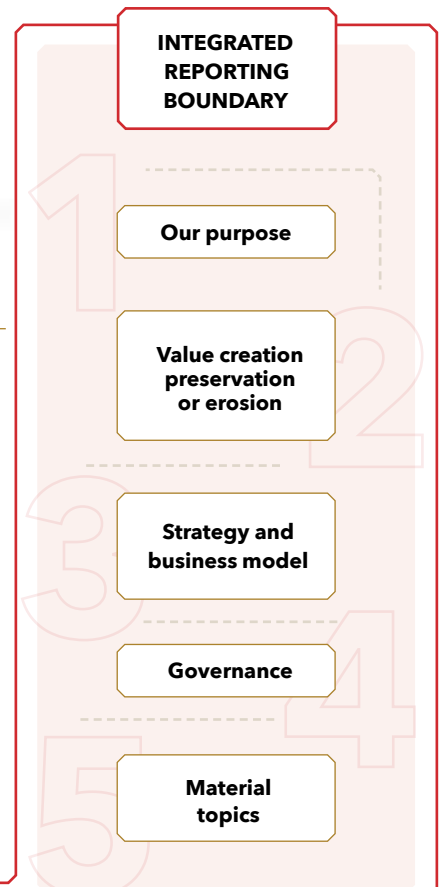


INTEGRATED REPORTING SCOPE AND BOUNDARY

We aim to provide all our stakeholders with a concise yet sufficiently informed view of our strategy, governance, performance and prospects, in the context of our operating, environment reporting on how value is created, protected or eroded over time.

This Integrated Report covers the operations of Ceylinco Life Insurance Limited from 1st January 2022 to 31st December 2022 in line with our annual reporting cycle. The most recent report of the Company for the year ended 31st December 2021 is available on our website at <http://www.ceylincolife.com>. Material events post this reporting period, up to the sign off date by the Board of Directors on 23rd February 2023, have been included in this Report, ensuring a more relevant and up-to-date Report. In addition to the focus on performance over the year, *this Integrated Annual Report provides stakeholders an insight of the Company's value creation process and its strategic framework*. There were no re-statements of non-financial changes in the Company's ownership or supply chain during the year under review.

The financial information reporting boundary is defined by controls and significant influences influence over entities as indicated in the diagram below. Environmental and social boundaries only encompass Sri Lanka as our operations are limited to Sri Lanka. Strategic and governance information boundaries expand to our key risks, opportunities and outcomes, including matters relevant to our key stakeholders. Matters attributable to other stakeholders are included if material; if it could significantly affect our ability to create and preserve value or lead to value erosion, over the short, medium and long term.



ABOUT THIS REPORT

We maintained our approach of reporting on our Strategic Pillars which was introduced in 2020 and assessed the previously established six pillars to determine our progress year-on-year. This year in particular, we reflected on the impact of the economic crisis on operations and strategy and how Ceylinco Life responded to the changing operating landscape and realigned itself to deliver steadfast, unwavering value.

SIGNIFICANT CHANGES AND RE-STATEMENTS

During 2022, the Company acquired a major equity stake in Kings Hospital Colombo (Pvt.) Limited via an investment of Rs. 1.8 Bn. This is expected to significantly enlarge the company's footprint in the healthcare sector and further diversify the investment portfolio. Additionally, Rs. 1.48 Bn was invested in debentures of the aforementioned hospital which are yet to be allotted. There were no re-statements of information provided in the previous report for the year ending 31st December 2021.

A HOLISTIC, INTEGRATED APPROACH

The company derives its strategy through integrated thinking, approaching value creation as an interconnected, interdependent process, which utilises the collective strength of an organisation's partnerships, people and resources to generate long-term, sustainable progress and achieve its purpose. The report reflects this approach, displaying the role of the company's capitals, stakeholders, operating environment, risks and opportunities in developing and executing its strategy to deliver its overarching vision.

MATERIALITY

The report focuses primarily on the aspects that are material to the organisation, i.e., the matters that pose a significant impact on the organisation's continuity or success. This year, the report has enhanced its approach by introducing double materiality, a process that evaluates the internal and external significance of various topics. A detailed outline of the company's process, basis

for evaluation and a list of material topics are set out on pages 47 to 49 of this report.

EXCELLENCE IN INTEGRATED REPORTING - ANNUAL REPORT 2021



Joint Silver Award
CA Sri Lanka Annual Report
Awards 2022



Top Five Excellent Integrated Reports
CMA Sri Lanka Excellence in Integrated Reporting
Awards 2022

OUR COMMITMENT TO TAGS REPORTING

Transparency

Reasonable steps have been taken to ensure that the report contains all information material towards empowering our stakeholders to make accurate, informed decisions. All outcomes are reported truthfully and without concealment, regardless of their positive or negative impact.

- The Board has adopted a range of mandatory and voluntary reporting practices, as outlined in the table below.
- Independent assurance has been obtained with respect to the report's content, as specified in pages 163 - 164, 228 - 229 and 235 - 236.

We consider accountability to be of utmost importance due to the role of our business in managing policyholder risks, which have been transferred to the company.

- The Board takes responsibility for the content disclosed within this report, as outlined in page 4.
- The company's accountability for financial reporting is described on page 225.

Accountability



Governance

The Company continues to maintain high standards of Corporate Governance, as outlined below:

- The Chairman has provided his views on the Company's corporate governance approach and practices on page 180.
- The Senior Independent Director's Statement further outlines this commitment, and is provided on page 180.
- Our compliance with the Code of Best Practices on Corporate Governance has been disclosed from pages 191 - 193.
- The Annual Report of the Board of Directors is provided on pages 206 - 212.
- Our risk management practices are disclosed on page 197 - 205

Sustainability is integral towards our strategy and towards achieving long-term success. As a life insurer built on the purpose of 'de-risking lives', the company focuses on balancing the needs of today with the need to honour our commitments in the future.

- The company has obtained assurance on how it fared with the GRI standards (outlined in pages 163 - 164, which encompass many sustainability-related topics.
- The Chairman's views on sustainability practices are outlined on page 26.
- The company's sustainability policy has been disclosed on pages 32 - 37.

Sustainability

Reporting Framework	Guiding Principles	Internal Assurance	External Assurance
Financial Reporting, Governance & Risk Management	Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Reporting to Board Audit Committee	Independent Auditor's Report (refer page 235 - 236)
	Regulation of Insurance Industry Act No 43 of 2000 and amendments including Guidelines, Determinations, Circulations, Rules and Regulations issued by the IRCSL	Internal Audit	
	The Companies Act No. 7 of 2007	Internal control mechanisms	Appointed Actuary's Report (refer page 234)
	IRC SL Direction No. 2 of 2022 - Corporate Governance Framework for Insurers		
Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka			
Integrated Reporting	International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework	Self-certification based on the IIRC framework	Independent Auditor's Report on Integrated Reporting (refer page 228 - 229)
	A Preparer's Guide to Integrated Corporate Reporting issued by CA Sri Lanka		
	Handbook on Integrated Corporate Reporting issued by CA Sri Lanka		
Sustainability Reporting	Global Reporting Initiative (GRI) Standards 2021 - Core option	Self-certification based on the GRI Standards	Independent Auditor's Report on Sustainability Reporting (refer page 163 - 164)
	United Nations Sustainable Development Goals		
	Disclosure on Gender Parity Reporting issued by CA Sri Lanka	Carbon footprint Assessment	

FORWARD LOOKING STATEMENTS

This report contains forward looking statements on the company's future direction and outlook. Ceylinco Life is aware that several risks, uncertainties and other unpredictable variables arising within the external environment could cause the actual results to materially differ from the expectations and plans outlined in this report.

The Company undertakes no obligations to publicly update nor release any revisions or amendments to these forward-looking statements to reflect these variations in events or circumstances after the date of this report, or to reflect the occurrence of anticipated events.

PRECAUTIONARY PRINCIPLE

The company applies a precautionary principle towards social and environmental sustainability, and has taken tangible steps to mitigate the risks posed to the surrounding communities and to the environment.

COMBINED ASSURANCE

The company undertook a combined assurance approach to verify the accuracy and completeness of this integrated report. Accordingly, Messrs. Ernst & Young, Chartered Accountants have provided independent assurance for the Consolidated Financial Statements, while

providing limited assurance on the non-financial sustainability indicators as per the Global Reporting Initiative (GRI) Standards and on integrated reporting.

IMPROVEMENTS IN 2022:

In 2022, we made a range of constructive and meaningful changes to our Integrated Report in an effort to make it more relevant and informative to the reader. Refer to page 9 for more information.



Feedback and Concerns

We are committed to constantly improving the readability and relevance of the content of our Annual Report. We welcome suggestions for improvement.

Please direct your feedback to:
Company Secretary,
Ceylinco Life Insurance Limited,
 No 106, Havelock Road,
 Colombo 5, Sri Lanka

Telephone: +94 11 246 1327
 E mail: kushanw@ceylife.lk
 Web: www.ceylincolife.com

RAISING THE BENCHMARK OF EXCELLENCE

OUR EVOLUTIONARY JOURNEY IN CORPORATE REPORTING

CEYLINCO LIFE HAS DEMONSTRATED ITS UNWAVERING COMMITMENT TO THE HIGHEST STANDARDS OF CORPORATE REPORTING BY ADOPTING THE INTEGRATED REPORTING <IR> FRAMEWORK SINCE 2015.

Since 2018, we have introduced video versions of our Annual Report supported by the HTML versions to engage our employees, sales agents, business partners, and the community at large with our Economic, Social and Governance (ESG) journey.

ORGANISATIONAL OVERVIEW



ANNUAL REPORT 2017

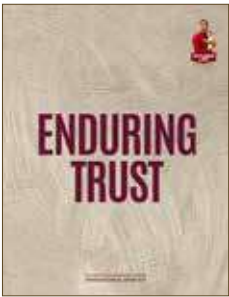
- We continuously adopted the theme “Know Your Life Insurer” for the third consecutive year in our Annual Report. This is because we wanted our customers and all our stakeholders to know us in greater depth.

Improvements

- Operating environment analysis was improved by analysing the competitiveness of the life insurance industry and PESTEL factors.
- The value creation model was improved to provide a holistic view of the overall process.
- Initiated reporting our contribution to UN Sustainable Development Goals (SDG).

Awards:

- Won a Certificate of Compliance at the CA Sri Lanka Annual Report Awards 2018.
- Won a Certificate of Merit at CMA Sri Lanka Excellence in Integrated Reporting Awards 2018.



ANNUAL REPORT 2018

Improvements:

- The Annual Report was conceptualized on a fresh theme ‘Enduring Trust’ to reflect on the Company’s leadership position and credibility built with its stakeholders.
- Introduced a futuristic focus to capital reports.
- Facilitated connectivity with navigation icons.
- Introduced a video encapsulating the highlights of the AR to drive greater engagement with stakeholders.

Awards:

- Won a Certificate of Compliance at the CA Sri Lanka Annual Report Awards 2019.
- Won a Certificate of Merit at CMA Sri Lanka Excellence in Integrated Reporting Awards 2019.



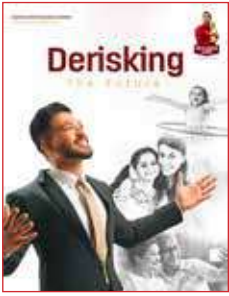
ANNUAL REPORT 2019

Improvements:

- Linkages between capital inputs and trade-offs.
- Linked the company’s initiatives to the United Nation’s Sustainability Development Goals (SDG’s).
- Separate section on insurance industry trends and our response through our strategy and resource allocation.
- Separate section dedicated to our sustainability agenda.
- Enhanced readability by navigation icons and connectivity between sections.
- Adoption of the CG Framework for insurers under section 96A of the Regulation of Insurance Industry Act No 43 of 2000 by the Insurance Regulatory Commission of Sri Lanka.

Awards:

- Recognized as one of the “Top Ten” Best Integrated Reports at the CMA Sri Lanka Excellence in Integrated Reporting Awards 2020.



ANNUAL REPORT 2020

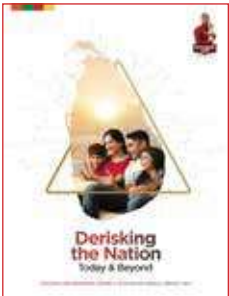
- In 2020 we introduced a significant change to our report structure by aligning the content of the report under the strategic imperatives to communicate our strategic direction and our path towards our aspirations.

Improvements:

- Structured to demonstrate our strategic priorities and drivers whilst demonstrating interconnectivity to the capitals and the respective SDG goals.
- Greater connectivity through navigation icons.
- Enhanced the conciseness of the report by reducing 40 pages.
- Adoption of Gender Parity Reporting introduced by CA Sri Lanka.

Awards:

- Joint Silver Award in the Insurance sector at the CA Sri Lanka Annual Report Awards 2021.
- Recognised among the 'Top Ten Best Integrated Reports' at the CMA Sri Lanka Excellence in Integrated Reporting Awards 2021.



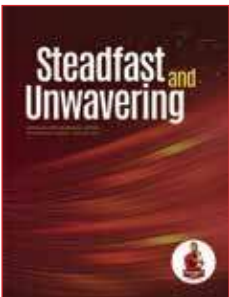
ANNUAL REPORT 2021

Improvements:

- Independent, external assurance on Integrated Reporting practices to enhance for greater transparency and objectivity.
- Reassessed our material topics in line with stakeholder needs and changes in the operating environment, resulting in the introduction of new topic areas such as 'Data Privacy and Security' and 'Ensuring Business Continuity'.
- Consolidated and restructuring the material topics according to four material themes for greater clarity of the overarching purpose.
- Displayed material topic relevance across multiple stakeholder groups to minimize repetition, exhibit their interrelated concerns and displaying changes.
- Improved our value creation model to show greater connectivity between the outcomes and the strategic pillars, while displaying a link between our impacts and the capitals, stakeholders and SDGs.
- Translations of the Chairman's and MD's messages in Sinhala and Tamil could be viewed by scanning the embedded QR code.

Awards:

- Joint Silver Award in the Insurance sector (Over Rs.10 Bn Category) at the CA Sri Lanka Annual Report Awards 2022.
- Recognised among the 'Top Five Best Integrated Reports' at the CMA Sri Lanka Excellence in Integrated Reporting Awards 2022.



ANNUAL REPORT 2022

Improvements:

- Utilisation of the double materiality principle in deriving Material Topics.
- Connecting risk assessment to stakeholder engagement and thereby creating a link to materiality.
- Denoting the year-on-year revisions to the focus areas within the Strategic Pillars. in line with the environmental dynamics in order to show connectivity and organisational adaptability.
- Adoption of the new GRI Standards (2021).
- Explained how assurance was obtained internally and externally to verify the information being reported.
- Improved disclosure of the future outlook under each Strategic Pillar.
- Value Creation was improved by including explanations as to how each business activity adds value to the organisation.
- Included a horizontal and vertical analysis for six years, summary of key historical milestones, identification of key value drivers, ratio analysis, cash flow management, EBITDA calculation and industry comparison under the Delivering Financial Value.
- Introduced a new disclosure on how key activities could lead to a trade-off among the capitals.
- Stakeholder Engagement was improved by including key concerns, areas of interest, relationship manager, engagement channels and future outlook.
- Introduced quantifiable Key Value Indicators.
- Improved accountability of the disclosures under the Strategic Pillars by introducing a statement from the management.

CEYLINCO LIFE BUILT TO ENDURE

VISION

To take the message of Life Insurance and Retirement Planning to every Sri Lankan and provide protection to every family.

PURPOSE

To become the most trusted, acclaimed and progressive life insurance company in Sri Lanka, by providing need-based life insurance solutions to our customers, recognising and rewarding our employees, creating successful partnerships with stakeholders and ensuring sustainable business practices for sustainable, responsible and profitable growth, while leaving a smaller carbon footprint on the planet.

OUR VALUES

P R I D E

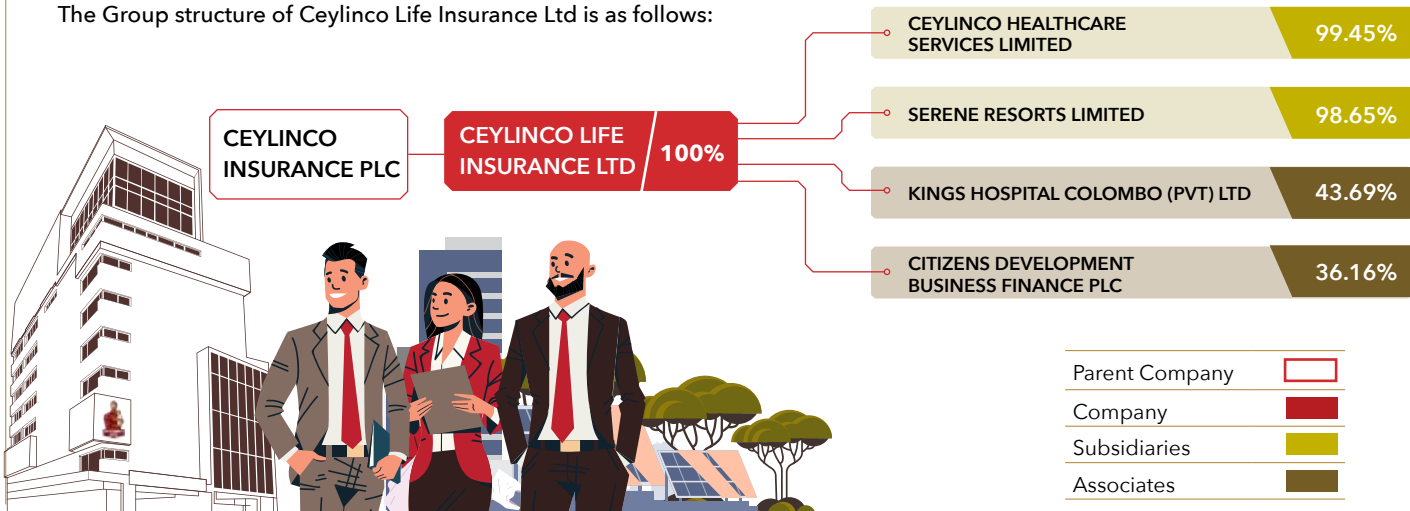
PROFESSIONALISM in delivering life insurance and retirement planning solutions to meet the individual needs of our customers.	REWARDING customers, sales force and staff members for their dedication and loyalty.	INTEGRITY in everything we do, individually and collectively.	DEDICATION in communicating the importance of Life Insurance and Retirement Planning to every Sri Lankan.	EXCELLENCE in customer service, product development, innovation and fulfilling our social responsibility.
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ABOUT THE COMPANY

Ceylinco Life Insurance Ltd is a fully owned subsidiary of Ceylinco Insurance PLC (CIP). We commenced our business operations in 1988 as the life insurance division of CIP. Following the mandatory segregation of life and general businesses under Section 53 of the Regulation of the Insurance Industry (Amendment) Act No 03 of 2011, Ceylinco Life Insurance Ltd was incorporated on 22 April 2014 and commenced operations on 1st June 2015.

Since our inception, we have grown steadily as a group and expanded our gamut of services to ensure that we both support and protect our stakeholders in more ways than one – offering life insurance, healthcare solutions, financial services and retirement facilities designed to improve their livelihoods.

The Group structure of Ceylinco Life Insurance Ltd is as follows:





CEYLINCO INSURANCE PLC

Ceylinco Insurance PLC is the parent company of Ceylinco Life Insurance Limited and owns 100% of our share capital.



CEYLINCO HEALTHCARE SERVICES LIMITED

Ceylinco Healthcare Services Limited (CHSL) is one of the most specialised private cancer care centres in the country, equipped with latest state-of-the-art equipment and services. CHSL offers a range of cancer treatment facilities, where Ceylinco Radiation Treatment unit and Ceylinco Tomotherapy Center are the main two services.



CITIZENS DEVELOPMENT BUSINESS FINANCE PLC

Citizens Development Business Finance PLC (CDB) is a finance company licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act no 42 of 2011 and registered under the Finance Leasing Act No. 56 of 2000. The main financial services offered by CDB include fixed deposits, savings accounts, leasing, personal loans, home loans, hire purchase financing, pawning, corporate and retail credit, credit card and debit card facilities backed by an island wide ATM network, foreign currency exchange, corporate financial services.



KINGS HOSPITAL COLOMBO (PVT) LTD

Kings Hospital Colombo is an ultra-modern multispecialty hospital managed by clinical expertise and located within the 'Hospital Zone' of Narahenpita, Colombo. The hospital is committed to providing compassionate and high-quality medical care of international standards with a focus on value-based healthcare to everyone with the best clinical outcomes at optimum cost. The hospital has 11 modular operating theatres, and one of the largest surgery facilities in the country. The main services offered by the hospital include dental sciences, renal medicine, orthopaedics and joint replacement, paediatrics and neonatology, surgery, cardiology, respiratory medicine, urology, internal medicine, gynaecology and obstetrics and a Wellness Centre.



SERENE RESORTS LIMITED

Serene Resorts Limited owns and operates the nation's first retirement resort located in Uswetakiyyawa. This medium-sized resort comprises 28 single bedroom chalets and 16 two-bedroom chalets targeted at active and assisted living retirees. It possesses facilities such as a swimming pool, mini gym, library, restaurant, reading room, emergency alarm facilities and other amenities which provide a holistic living experience for senior citizens to enjoy their golden years.

OUR CORPORATE PORTRAIT

LEADING THE WAY

ALIGNED WITH OUR VISION AND PURPOSE, CEYLINCO LIFE OFFERS A WIDE-RANGING SUITE OF LIFE INSURANCE AND RETIREMENT PLANNING SOLUTIONS.

The company's ongoing efforts to pursue sustainable growth through farsighted strategies, digitalisation, product innovation and lifelong partnerships have enabled us to maintain undisputed market leadership in Sri Lanka's competitive life insurance industry for 19 consecutive years.

In recognition of the value generated for our policyholders, employees, business partners, and society, Ceylinco Life has continued to garner a host of awards and accolades, found on page 95 of this report.

Our unwavering commitment towards service excellence and stakeholder welfare has propelled us onwards through times of challenge and change, enabling us to capture emerging growth opportunities and remain a cut above the rest, amid rapidly evolving industry dynamics.



MARKET LEADER
FOR 19 CONSECUTIVE YEARS

21.4%
MARKET SHARE

OVER 1 MILLION
LIVES COVERED

SERVICE BRAND
OF THE YEAR

Our strong market position is maintained and reinforced by leveraging on strengths and opportunities while mitigating weaknesses and threats.

ORGANISATIONAL OVERVIEW

Strengths

- A longstanding player in the life insurance industry - 35 years
- 19 years of market leadership
- Financial strength and stability
- Accelerated digital transformation process
- A strong brand reputation
- Extensive branch network of 135 branches
- Financial strength and acumen
- Sustainable and green initiatives, with 22 green branches
- A diverse, skilled workforce, including 752 employees and 2,868 members of the sales force
- Partnering with world's leading Reinsurers

Opportunities

- An increased interest in life insurance following the pandemic
- A largely untapped market providing opportunities for growth
- Growing demand on digital based life insurance solutions
- Growth in data analytics and AI driving process improvements and increased efficiency
- An ageing population seeking retirement planning and healthcare solutions

Weaknesses

- High attrition in the workforce
- High attrition in the sales force
- Improvements required in supporting systems

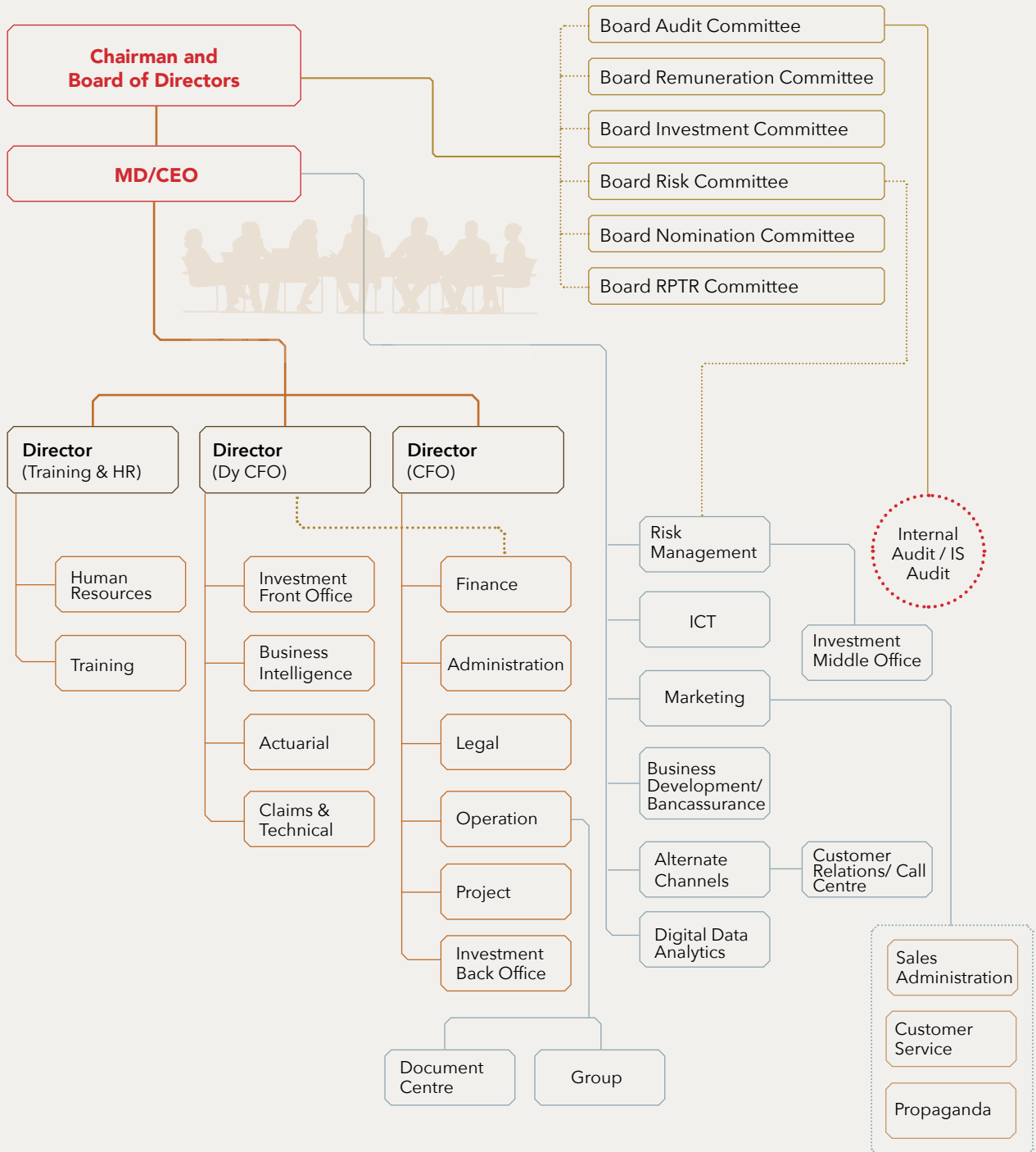
Threats

- Ongoing financial crisis impacting consumer sentiments
- Reduced disposable income of customers due to higher taxes and inflation levels
- High interest rates impacting the solvency ratio
- Rating downgrades of banks negatively impacting the credit quality of our investments
- Increasing threats of cyber attacks along with the higher digitalization efforts



CEYLINCO LIFE INSURANCE LIMITED

Organisation Structure



STEADFAST PERFORMANCE

FINANCIAL HIGHLIGHTS

Year Ended 31 December	2022 Rs.'000	2021 Rs.'000	Change %
Results for the Year			
Gross Written Premium	29,160,164	25,565,050	14.06
Net Claims / Net Benefits	18,969,266	12,736,308	48.94
Increase in Long Term Insurance Fund	13,375,957	11,803,985	13.32
Investments and Other Income	20,071,237	15,129,139	32.67
Shareholder Transfer	4,828,763	4,500,000	7.31
Profit Before Taxation	9,911,580	8,545,373	15.99
Profit After Taxation	7,631,777	6,774,490	12.65
Position at the Year End			
Shareholder's Equity	49,399,013	44,194,034	11.78
Long Term Insurance Fund	134,885,839	119,634,780	12.75
Investments	165,906,315	154,455,120	7.41
Total Assets	191,531,940	173,762,956	10.23
Per Ordinary Share			
Earnings (Basic) (Rs.)	152.64	135.49	12.65
Final Dividend Proposed (Rs.)	18.25	15.75	15.87
Final Dividend Paid (Rs.)	15.75	15.65	0.64
Net Asset Per Share (Rs.)	987.98	883.88	11.78
Ratios			
Return on Total Assets %	3.98	3.90	2.20
Return on Equity %	15.45	15.33	0.78
Dividend Cover on Proposed Dividends (Times)	8.36	8.60	(2.78)
Dividend Payout Ratio on Proposed Dividends (Rs.)	11.96	11.62	2.86
Capital Adequacy Ratio*			
Total Available Capital (TAC) (Rs. Mn)	65,940	72,242	(8.72)
Risk Based Capital requirement(RCR) (Rs. Mn)	22,128	18,365	20.48
Risk-based Capital Adequacy Ratio (CAR)	298%	393%	(24.24)
Minimum CAR (%) Required by Regulator	120%	120%	

* Capital Adequacy Ratio related figures for 2022 are subject to Annual Returns submission to the IRCSL.

UNWAVERING SUSTAINABILITY COMMITMENT

NON FINANCIAL HIGHLIGHTS



Indicator	GRI Relevance	Unit of Measure	2022	2021
FINANCIAL CAPITAL				
Direct Economic Value Added	201-1	Rs. Bn	49	40

Indicator	GRI Relevance	Unit of Measure	2022	2021
MANUFACTURED CAPITAL				
Total number of branches		Count	135*	138
Investments in new owner occupied properties		Rs.Mn	70	253
Capital Appreciation of owner occupied properties		Rs.Mn	1,518	771
Investments in new investment properties		Rs.Mn	261	311
Capital Appreciation of investment properties		Rs.Mn	412	459

*Drop in number of branches is due to relocation of few branches into one location

Indicator	GRI Relevance	Unit of Measure	2022	2021
NATURAL CAPITAL				
Electricity Consumption	302-1	MWh	1,465	1,986
Fuel Consumption	302-1	Litres	176,645	289,473
Water withdrawel	303-3	Litres	22,539	26,244
Direct GHG emissions (Scope 1)	305-1	tCO2e	380	591
Energy indirect GHG emissions (Scope 2)	305-2	tCO2e	789	952
Other indirect GHG emissions-(Scope 3)	305-3	tCO2e	2,148	2,457
Indirect GHG Emissions from Products Used by the Organisation (Scope 4)		tCO2e	91	106
Total GHG emissions		tCO2e	3,406	4,105
Weight of Waste paper recycled through 3rd Party contractors	306-2	Kg	44,388	21,297
Significant environmental fines		Rs.Mn	Nil	Nil

Indicator	GRI Relevance	Unit of Measure	2022	2021
HUMAN CAPITAL				
Estimated value of defined benefit plans	201-3	Rs.Mn	1,112	2,070
New employees	401-1	Count	46	54
Employee turnover	401-1	Count	89	80
Total Employees	401-1	Count	752	795
Work-related injuries	403-9	Count	Nil	Nil
Work-related ill health	403-10	Count	Nil	Nil
Incidents of child labour	408-1	Count	Nil	Nil
Average hours of training per year per employee	404-1	No of hours	19.1	14.7
Employees receiving regular performance and career development reviews	404-3	%	100	100
Incidents of discrimination	406-1	Count	Nil	Nil

NON FINANCIAL HIGHLIGHTS

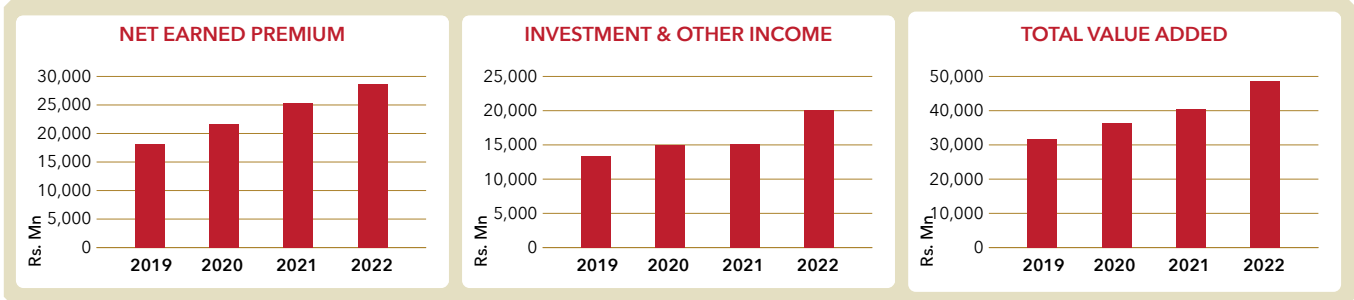


Indicator	GRI Relevance	Unit of Measure	2022	2021
SOCIAL & RELATIONSHIP CAPITAL				
Customer complaints as a percentage of active policies		%	0.05	0.11
Number of Pranama Scholarship recipients		Count	147	162
Number of Waidya Hamuwa programs conducted	203-1	Count	7	Nil
Value of Pranama Scholarships granted		Rs.Mn	11	11.8
Number of class room developed	203-1	Count	2	Nil
Sustained complaints on breach of customer privacy and loss of customer data	418-1	Count	Nil	Nil
Non-compliance with social and economic laws and regulations		Count	Nil	Nil
Incidents of non compliance concerning product and service information and labeling.	417-2	Count	Nil	Nil
Incidents on non-compliance related to marketing communications	417-3	Count	Nil	Nil
Number of sales agents		Count	2,868	3,583
Female representation in agency force		%	51	51
Number of MDRT qualifiers		Count	161	161
Premium ceded to reinsurers		Rs.Mn	472	308

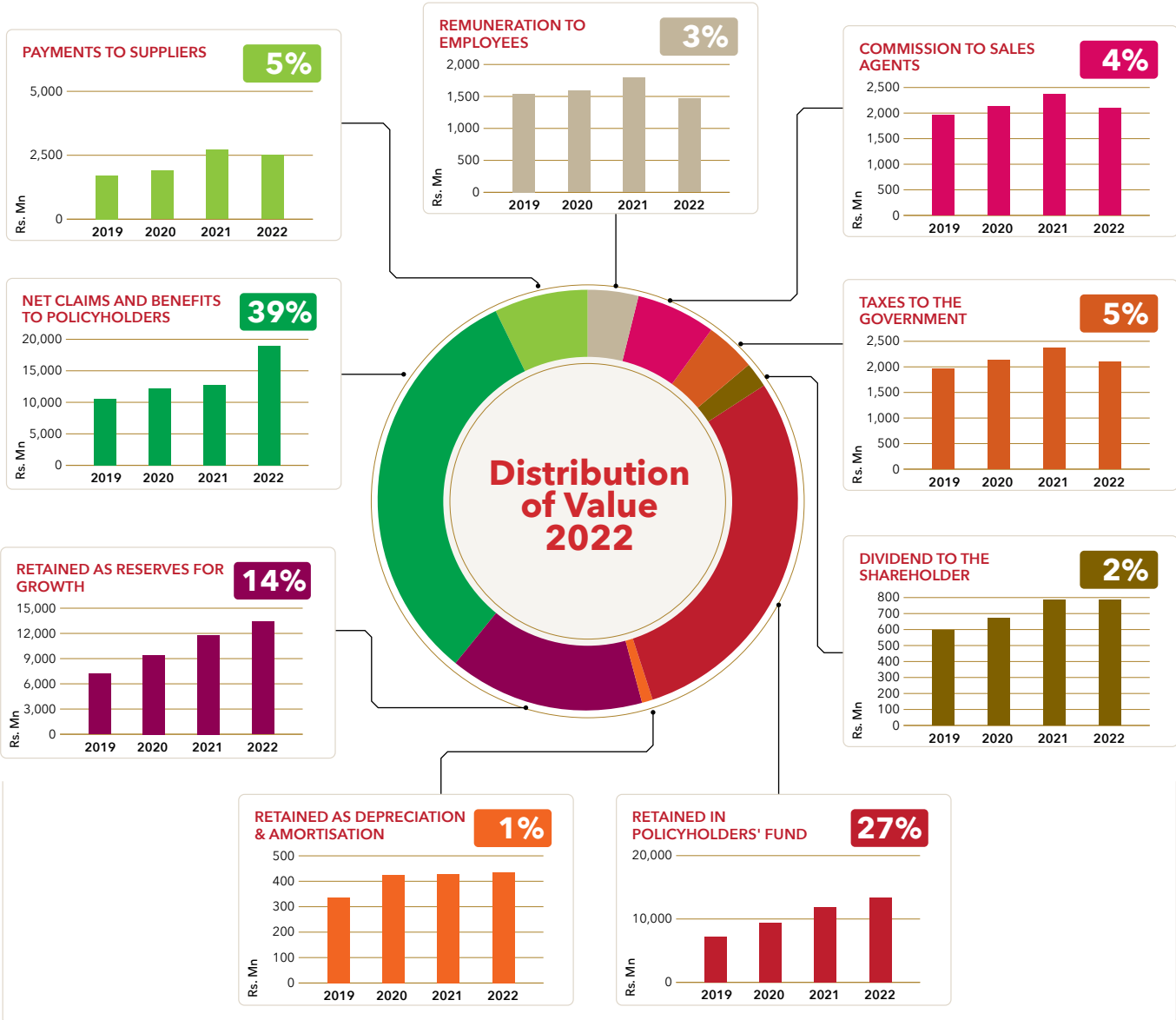
Indicator	GRI Relevance	Unit of Measure	2022	2021
INTELLECTUAL CAPITAL				
Incidents of violation of corporate code of conduct and ethics	205-3	Count	Nil	Nil
Number of key IT systems introduced		Count	2	4

STEADFAST AND UNWAVERING TO DELIVER VALUE

VALUE ADDED AND DISTRIBUTED



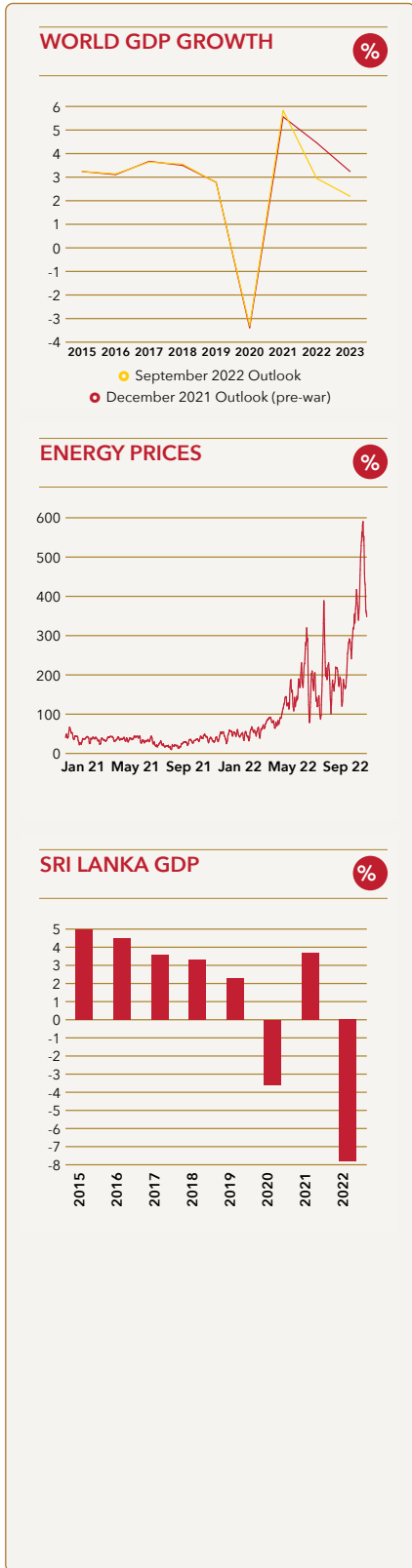
Net Earned Premium **Rs. 28.69 Bn**
+
Investment & Other Income **Rs. 20 Bn**
=
Value Added **Rs. 48.76 Bn**



NAVIGATING GLOBAL AND LOCAL HEADWINDS

OUR OPERATING CONTEXT

ORGANISATIONAL OVERVIEW



THE EXISTING HIGH INFLATIONARY CONDITIONS WERE FURTHER EXACERBATED BY RUSSIA'S OFFENSIVE AGAINST UKRAINE IN LATE FEBRUARY 2022 WHICH PUSHED GLOBAL COMMODITIES PRICES TO AN UNPRECEDENTED SCALE, SPARKING AN INFLATIONARY SPIRAL ACROSS BOTH WORLD'S MAJOR ECONOMIES. THIS PROMPTED THE CENTRAL BANKS WORLDWIDE TO WITHDRAW STIMULUS PACKAGES THAT WERE INTRODUCED IN THE EARLY STAGES OF THE PANDEMIC.

THE GLOBAL ECONOMY

The global economy which was on the road to recovery since the onset of the global pandemic was engulfed with greater uncertainty in 2022. The year 2022 can be classified as one of the most volatile years in recent history both globally and in Sri Lanka, as the lingering effects of the pandemic, geopolitics, and climate change, combined to raise concerns on energy and food security, widening inequalities and socioeconomic vulnerabilities.

The existing high inflationary conditions were further exacerbated by Russia's offensive against Ukraine in late February 2022 which pushed global commodities prices to an unprecedented scale, sparking an inflationary spiral across both world's major economies. This prompted the Central Banks worldwide to withdraw stimulus packages that were introduced in the early stages of the pandemic.

The US Federal Reserve raised interest rates seven times within a short span of ten months. This was followed by two other Central Banks in the world, the European Central Bank and the Bank of England who followed suit with interest rate hikes. These actions prompted a gradual decline in consumer spending, along with increasing unemployment rates in the global markets due to employee retrenchments triggered by the contraction of the economy, increased lending rates, and the tightening of liquidity in the financial markets in response to the sharp rise in interest rates.

GLOBAL OUTLOOK

Global growth is forecasted to slow down from 6% in 2021 to 3.2% in 2022, and 2.7% in 2023, according to the World Economic Outlook published by the World Bank in October 2022.

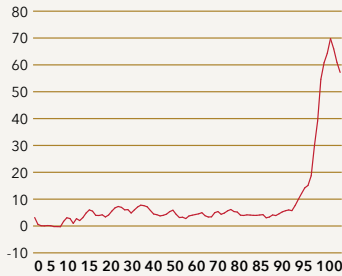
THE SRI LANKAN ECONOMY

Sri Lanka's economy has witnessed an inconsistent growth pattern since 2019, and as per the latest release the economy has shrunk by 14.7% in constant terms from the third quarter of 2018 to the third quarter of 2022. The aftereffects of the pandemic were exacerbated by the significant political and economic volatility, taking a severe toll on the economy. Sri Lanka experienced high levels of political instability during the first half of the year sparked by the fuel and food shortage within the country.

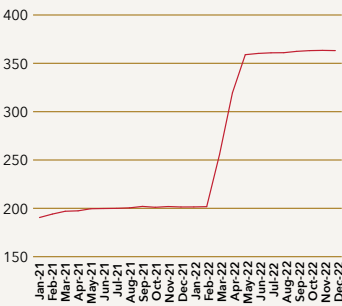
The industrial segment took a significant impact with the sector shrinking almost 24% over a four-year time frame. Agriculture declined by 4.6% and services sector displayed a marginal decline by 0.9%.

Services displayed a minor decline, with increases seen in important sub-sectors like transportation of goods and passengers, accommodation and F&B services which grew by 6.0% and 39.3% respectively.

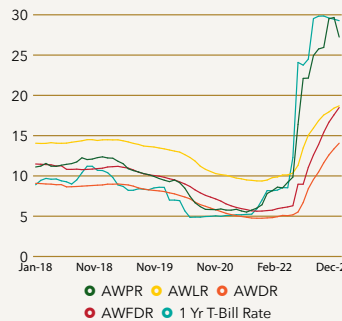
YO Y HEADLINE INFLATION (CCPI)



AVERAGE SPOT EXCHANGE RATE



1 YR T-BILL RATE



SRI LANKAN ECONOMIC OUTLOOK

By January 2023, the headline inflation has eased for the fourth consecutive month to 54.2 % staying on the current disinflation path set off in October 2022.

Agriculture rebounded sharply with the commencement of fertilizer distribution. Other segments of the Industrial sector of the economy rebounded sharply as well in particularly construction which has almost halved over the 2018-22 time period. The improved export performance in 2022 is expected to weaken in 2023, with apparel exports, in particular, seeing a slowdown in orders with weaker economic conditions leading to lower demand in key destinations like the US, UK and Europe. Over stocked inventories will also play a role in lower orders at least for the first half of 2023. Earnings from industrial exports have in fact been declining since October, with declines in other significant categories like food, beverages and tobacco as well as rubber products.

Tea exports are also expected to decline in 2023 with the effect of lower volumes catching up and offsetting the price increases seen previously. Other agricultural exports will be similarly affected with lower fertilizer taking a toll on volumes, although this effect should reverse in the second half of the year.

Petroleum imports have been moving at a monthly run rate of \$300m with the current Brent levels of \$80-85 per barrel. While consumption volumes have been curtailed with the QR code system of fuel distribution this could be another potential issue for the trade deficit.

The gradual improvement in remittance inflows and recovery seen in tourism should complement a much-needed boost to the Balance of Payment and thereby rebuild the foreign currency reserves.

While the multiple projections show that the Sri Lankan economy to continue to decline in 2023 by between 1% to 4 %, these developments are expected to help it to make a gradual recovery, supported by the expected improvements in domestic supply conditions, underpinned by the timely implementation of corrective policy measures.

Further, the anticipated improvements in foreign exchange flow and the resultant enhancement in business and investor sentiments are further expected to reinforce the recovery in the period ahead as investors remain optimistic regarding a board-level approval followed by disbursement of the first tranche by the IMF within the first quarter of 2022. Despite the volatility witnessed throughout 2022 the economy showed gradual signs of a recovery during the fourth quarter of 2022 supported by improvements in dollar liquidity as the CBSL remained as a net buyer in the forex market.

RESPONDING TO A DYNAMIC OPERATING ENVIRONMENT







Looking beyond the short-term challenges, we continue to focus on the megatrends impacting the insurance industry. Our aim is to strengthen our leadership position, leveraging new growth areas to meet the evolutionary aspirations of our stakeholders. Our strategic actions are to leverage emerging opportunities and to counter potential threats.

The future focal points include the following:




- Strengthening our business fundamentals in response to the volatile operating environment
- Driving efficiency for financial fitness
- Expanding into new growth opportunities

OUR OPERATING CONTEXT





ORGANISATIONAL OVERVIEW

	POLITICAL	ECONOMIC	SOCIAL
ISSUE 1	Government policies and political instability	Declining economic growth in the local and global economies.	Rapid migration drive due to the financial crisis
Impact	Challenges in developing strategic plans and planning for longer time horizons	The uptake of life insurance products declines as people focus more on meeting basic needs. Impact on the overall performance due to demand fluctuations.	Significant staff turnover due to individuals migrating to greener pastures has created a skill shortage.
Strategic Response	Devising plans for shorter time frames to build in emergent changes.	Considering external environment in strategic planning.	Increased investment on our employees and provided assistance to manage the current cost of living crisis while showing them a clear path for career advancement.
Risk Impact			
Linkage to Strategic Pillar	 Delivering Financial Value	 Delivering Financial Value	 Investing in our People
ISSUE 2	Ad hoc changes in taxation policies and regulations	Import restrictions and currency depreciation	Low insurance penetration Sri Lankan life insurance industry remains underpenetrated compared to its regional peers who have comparable GDP per capita.
Impact	Reduces the ability to effectively plan taxation. Erosion of brought forward reserves when one-off taxes are imposed for fiscal years	Expenses denominated in foreign currency were more expenses in rupee terms (e.g. software AMC, new IT equipment etc.) Difficulties in settling dues to reinsurers amidst the forex shortage in the banking system	Ability to generate more revenue from penetrating the untapped market
Strategic Response	Considering government policy when strategic planning	Greater focus on building externalities in pricing.	Creating greater awareness on the value of life insurance and retirement planning.
Risk Indicator			
Linkage to strategic pillar	 Delivering Financial Value	 Delivering Financial Value	 Delivering Financial Value

■ Positive impact ■ Negative impact ■ Neutral impact

TECHNOLOGICAL	ENVIRONMENT	LEGAL
Use of AI, Robotic Process Automation and Data Analytics	Depletion of natural resources due to industrialization/deforestation/pollution etc	Changes/new regulations (e.g. SLFRS 17, Personal Data Protection Act etc.
Leveraging IT can introduce process efficiencies which will have significant cost savings. Data analytics can be used to identify new market opportunities.	Depletion of natural resources may impact our business operations.	Financial costs associated with process changes. Difficulty in sourcing professionals with the required expertise required to implement certain regulatory changes
Digitization of business processes have created a seamless customer experience whilst introducing process efficiencies along with cost savings.	Greater focus on sustainability and embedding sustainable business practices within the overall business model of the Company.	Enhanced focus on ensuring compliance with rules and regulations at the strategic planning stage.
		
Transforming through Technology	Nurturing Our Environment	Delivering Financial Value
Increased cyber and information technology threats	Varied aspirations of Gen Z and millennials whose interests, choices and priorities in life and thus their safety needs are different from previous generations. .	
Heightened risks due to the increasing usage of IT platforms.	This new generation opens up new opportunities for insurers to launch new protection products, to be offered on digital platforms.	
Keeping up with new developments in the risk landscape to make strategic investments to reduce cyber security threats.	We invest on our digital platforms to appeal more to the new generation. We ensured that we strive to understand the unique needs to tailor the advertising campaign to this segment of policyholders. We enhanced our commitment to ESG agenda better than in the past to reflect that take them serious and also part of our business.	
		
Transforming through Technology	Nurturing Our Environment	

OUR OPERATING CONTEXT

	POLITICAL	ECONOMIC	SOCIAL
ISSUE 3		Possibility of domestic debt restructuring to support IMF lending facility	Disruptions in electricity and fuel supply
Impact		Most of our investments (51%) are with the GOSL in the form of Treasury Bills and Bonds as life insurance companies are required by regulations to invest a minimum of 30% of their Life Fund in Government Securities. A haircut on the domestic debt would create a strain on these investments.	Higher operational costs of running on generators. Disruption to field-work of sales agents due to the fuel crisis
Strategic Response		Refinement of investment strategy to mitigate impact from the domestic debt restructuring.	Adapting to these challenges by changing the operational model of the Company to reduce reliance on traveling and obtaining electricity from the grid.
Risk Indicator			
Linkage to strategic pillar	 Delivering Financial Value	 Delivering Financial Value	 Nurturing Our Environment
ISSUE 4			Rapid growth in the aging population
Impact			Sri Lanka has one of the highest ageing populations in the world with total population at the age of 65+, surpassing most of the South Asian regional peers. By 2041 it is expected to increase up to 18%.
Strategic Response			Opportunities to promote retirement plans.
Risk Indicator			
Linkage to strategic pillar			 Retaining Market Leadership

■ Positive impact
 ■ Negative impact
 ■ Neutral impact

TECHNOLOGICAL	ENVIRONMENT	LEGAL
Increased use of technology virtual communication methods.	Sri Lankans across generations have grown more conscious about health and wellness.	
Equipping the sales team with tabs and other smart devices to facilitate virtual communication.	This will open up a huge market for the insurers as a health conscious population will seek protection for their life and their loved ones and thus open up a huge opportunity for the industry.	
Equipping the sales team with tabs and other smart devices to facilitate virtual communication. Critical processes of the Company	We have constantly stayed the course on offering life protection with health and hospital cover protection and continue to design policies for those who only look for health and hospital covers for those who had already planned their retirement and investment.	
 Transforming through Technology	 Building Relationships for Life	



**LEADING WITH UNWAVERING
COURAGE & CONVICTION**
**CHAIRMAN'S
MESSAGE**



Sinhala & Tamil
Translations

Chairman's Message

"The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty."

- Winston Churchill,
Prime Minister of Great Britain
during World War II

Dear Stakeholders,

2022 unfolded a renewed set of challenges, just as we were regaining momentum having battled the worst woes of a global pandemic. The year also demonstrated the resilience and perseverance of our nation and its people, in withstanding what was unexpected, and unprecedented. For us at Ceylinco Life, it was a year in which the Company's characteristic steadfastness enabled us to fortify our unwavering commitment to all our stakeholders. In such light, it is my absolute pleasure to set before you, Ceylinco Life's eighth Integrated Annual Report and the financial statements for the financial year ended 31 December 2022, a full account of how we continued to deliver sustained value to all stakeholders who trusted and partnered us, in our mutual progress.

CONTEXT TO OPERATING LANDSCAPE

2022 goes down the annals of Sri Lanka as the worst-ever year of economic performance, with GDP growth forecast to be at - 8%. The socio-economic and political structures of the country, which were already under severe stress on account of successive incidents such as the unfortunate Easter Sunday terror attacks in 2019 and the COVID-19 outbreak in 2020 with its effects extending well in to 2021 and 2022, collapsed during the year. Structural anomalies within the economy which were unaddressed for many years, such as widening fiscal deficit, trade deficit, poor performance of State-Owned Entities (SOEs) and unsustainable Government debt levels combined with ill-timed policy decisions disregarding fundamental economic principles spelt disastrous for the country.

The suspension of international debt servicing by the Government of Sri Lanka in April 2022, and the resultant sovereign rating downgrade to Restricted Default in May 2022 set the Government of Sri Lanka (GoSL) seeking an Extended Fund Facility from the International Monetary Fund (IMF). Key economic indicators varied to precarious levels, such as the Sri Lanka

rupee depreciating by over 80% within the year and inflation soaring to over 70%. In response, in its most intense monetary policy tightening ever, the Central Bank of Sri Lanka increased its key policy rates by 950 bps within the 12 months window of 2022, propelling all other benchmark interest rates to historic highs. These, combined with the impact of strict import restrictions and severe shortage of foreign currency liquidity in the banking system led to wide ranging and dire repercussions on individuals and businesses alike, with no exception on the life insurance industry.

OUR PERFORMANCE

The operating landscape exerted multiple impacts on the performance of the Company, the greater details of which are discussed in the Chief Executive Officer's Review on page 29. It is gratifying to share with you, that Ceylinco Life stood gracefully to these evolving challenges, harnessing strength from 35 years of perfected proficiency in the life insurance business in Sri Lanka. The trilogy of indicators, viz. the highest gross written premium (GWP), above average capital adequacy ratios (CAR) and increased profitability, all performed satisfactorily, affirming our stance as the undisputed market leader in the life insurance sector in the country. GWP for the year LKR 29.2 Bn, a YoY increase of 14 %, Risk-based Capital Adequacy Ratio clocked in at 298% well ahead of the regulator stipulated minimum of 120% whilst profit before tax reached LKR 9.9 Bn, a YoY increase of 16%. Additionally, the Company's Long Term Insurance Fund (Life Fund), one of the largest in the Sri Lankan life insurance sector, grew to LKR 135 Bn by end 2022, reflecting a 12.7% growth over 2021. I am certain that this sustainable growth in our Life Fund spurs a deep sense of security in our policyholders in our steadfastness and unwavering ability to protect what is precious to them; the wellbeing of them and their loved ones.



COMPANY'S TIME-TESTED CORPORATE GOVERNANCE FRAMEWORK, FULLY COMPLIANT WITH APPLICABLE REGULATIONS AND REINFORCED WITH BEST PRACTICES, PROVED AS A VALID BLUEPRINT FOR OUR BOARD OF DIRECTORS AND STRATEGIC AND CORPORATE MANAGEMENT TEAM TO BE GUIDED BY, IN NAVIGATING THESE COMPLEXITIES.

**LEADERSHIP AND GOVERNANCE**

The complexities that engulfed the year affirmed the necessity of efficient and agile corporate leadership. The Company's time-tested corporate governance framework, fully compliant with applicable regulations and reinforced with best practices, proved as a valid blueprint for our Board of Directors and Strategic and Corporate Management team to be guided by, in navigating these complexities. One of Board's primary focus areas during the year was fortifying its digital strategy in line with ISO 27001 and implementing a compliance monitoring application and an anti-money laundering application. The collective expertise of the Board of Directors, notable for their long tenure with Ceylinco Life and the dynamisms of disciplines they represent ranging from insurance, actuarial, medical science, IT, legal and banking, served the company in good stead.

CHAIRMAN'S MESSAGE



AS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ASPECTS KEEP GAINING TRACTION ACROSS THE WORLD, CEYLINCO LIFE CONTINUED TO EMBRACE THEM IN OUR ETHOS, WITH CONSCIOUS POSITIVE CONTRIBUTION MADE TOWARDS THE UNITED NATION'S SUSTAINABILITY DEVELOPMENT GOALS.



The versatility of the Company's Board of Directors was enhanced during the year with the appointment of Mr. O. G. V. J. Senanayake as an Independent Director who brings along with him, multiple years of expertise in digital transformation from across developed economies in the world. The timing of his appointment is quite apt, as Ceylinco Life progresses on a growth journey pivoting around digitisation.

As the insurance industry gears up to adopt SLFRS 17: Insurance Contracts, which will enhance the comparability and transparency of financial statements and also provide users of financial statements more insights into an insurer's financial health, Ceylinco Life continues on its own steady journey towards this transition. Amongst such preparations, we have made considerable investments in configuring our IT systems and continue to develop our teams to be compliant with the standard when it becomes effective on 1 January 2025.

Affirming our excellence in transparent and comprehensive reporting, our Annual Report 2021 was recognised with the joint silver award in the "Over LKR 10 Bn Insurance Companies" category, at the prestigious CA Sri Lanka Annual Report Awards 2022. Similarly, it was recognised as one of the "Five Excellent Integrated Reports" at the CMA Sri Lanka Excellence in Integrated Reporting Awards 2022.

ESG FOCUSED STAKEHOLDER VALUE CREATION

As Environmental, Social and Governance (ESG) aspects keep gaining traction across the world, Ceylinco Life continued to embrace them in our ethos, with conscious positive contribution made towards the United Nation's Sustainability Development Goals. A strategic approach to identifying our key stakeholders and responding to their needs enabled us to generate meaningful value to them. As previously mentioned, we managed to generate sound profits despite the macro-economic hardships, thereby enhancing our shareholder wealth. We are pleased

to announce a proposed dividend of LKR 18.25 per share, continuing the upward trend of dividend payouts year-on-year, whilst ensuring sound liquidity and capital adequacy levels. We deployed concerted efforts in extending best services to our policyholders. In our bid to stay relevant and ahead of the curve, we accelerated our digital drive for policyholder connectivity in the post-pandemic scenario, which augured well through the fuel crisis.

We also placed special emphasis on the physical and psychological well-being of our staff members through various measures such as Work from Home option. The external accreditation of Great Place To Work earned for the third consecutive year, together with being ranked as one of Sri Lanka's Ten Best Workplaces within the Banking, Financial Services and Insurance (BFSI) Sector in Sri Lanka, bears testimony to the conducive and inclusive work culture we propagate at Ceylinco Life.

Our corporate social responsibility initiatives, committed to empower communities, continued unabated during 2022, under the twin themes of Education and Health. The relevance of our actions was magnified more than ever before, as incremental numbers of families were pushed to economic hardships and the state healthcare system ailed due to limited funding.

Our efforts in environmental preservation forged ahead with added vigour during the year. Our Green House Gas (GHG) emissions for 2022 was 3,406 tCO₂e, which is a 17% reduction compared with 4,104.97tCO₂e in 2021. We are on a progressive journey towards minimising our carbon footprint on our own accord, as we are of the conviction that the true-spirit of achieving near or net-zero emissions lies in streamlining our own processes to be more environmentally friendly. More details in this regard are found in the Chief Executive Officer's Review on page 30.

PROSPECTS

We anticipate economic shocks in the near term to exacerbate, before easing out, particularly with the new tax regime of the Government. Expedited negotiations with the IMF will set the country on the right path to recovery. It is imperative that good governance, transparency and accountability are instilled with the country's governing mechanisms as any further deterioration in same might excessively compromise Sri Lanka's resilience.

Despite the adversities, we remain hopeful for the future. Ceylinco Life remains committed to powering our policyholders with the confidence of protection, to forge ahead and make bold decisions in their lives. We will continue to take the message of life insurance - the protection for the future to the masses of Sri Lanka, as the need for same has never been more prominent than in the prevailing uncertainties.

ACKNOWLEDGEMENT

I wish to place on record appreciation for my fellow Directors for their counsel throughout the year. I join them in remembering with gratitude, the late Mr. W M P J K Wickramasinghe, who served the Ceylinco Life Board since 2014 for his many years of invaluable contribution until his retirement in May 2022. I also wish to thank the Chairman and the Director General of the Insurance Regulatory Commission of Sri Lanka for their guidance in steering the industry through the tumultuous times. My heart-felt appreciation goes out to each and every one of the Ceylinco Life family spread right across the country, for their passion, purpose and perseverance in rallying around the Company's vision, and also our valued policyholders, business partners and all other stakeholders who have been an integral part of our success.



R Renganathan
Chairman

23rd February 2023



**DRIVING STEADFAST
GROWTH AND MANAGING
TRANSFORMATION**

MANAGING DIRECTOR'S REVIEW

"Success is to be measured not by the position we have achieved as a company, but by the obstacles we have overcome together."

Sinhala & Tamil
Translations

Managing Director's Message



Dear Stakeholders,

Disruptions of unforeseen magnitude put to test, the innate abilities of corporates to survive and thrive. Such disruptions stimulate reinventions, realignments and even paradigm shifts enabled by the strength of their foundation and the courage of their people. As Sri Lanka's number one life insurer, Ceylinco Life upheld these truisms in response to what undoubtedly was one of the most challenging years in our living memory. I am proud to note that Ceylinco Life's uncompromised steadfastness demonstrated over many decades together with its unwavering spirit of serving the nation and the millions that partner us continued unabated, defying the hardships of the year. More strikingly, Ceylinco Life delivered on the delicate equilibrium of all round performance comprising financial performance, operational excellence and societal and environmental consciousness, guided by its versatile strategy tactically adapted in response to the shifting operating landscape.

PRESSURE EXERTED ON THE INSURANCE SECTOR

The socio-economic hardships of the year, which were elaborated in the Chairman's Message on page 25, exerted specific and defining pressure on the insurance sector. The life insurance business, built predominantly on the agency model, suffered due to the fuel crisis, with new business, policy issuance and premium collections adversely affected. Declining disposable income of policyholders on account of high inflation, particularly in the middle income and rural segment, affected timely premium payments and drove down the appetite for insurance in potential policyholders, setting the industry, on a negative growth trend during 2022. However, I am happy to note that Ceylinco Life was successful in achieving a growth rate of 14 % which is higher than the industry growth of 9%.



WITH CUSTOMER INTEREST PLACED AT THE CORE OF ALL THAT WE DO, WE CONTINUED TO GENERATE CONSIDERABLY ENHANCED VALUE TO OUR POLICYHOLDERS THROUGHOUT THE YEAR.

**DELIVERING RESULTS ON A STRONG STRATEGIC BLUEPRINT**

Ceylinco Life continued to be guided by its business strategy through 2022, with swift tactical adjustments effected to stay relevant in spite of the evolving challenges. The five strategic pillars, viz., Profitability, Customer-centricity, IT roadmap, Employees and Planet & community provided us a clear blueprint to maintain our focus and channel our resources to areas that matter the most whilst driving sustained performance.

PROFITABILITY

As elaborated in the Chairman's Message, we fortified our stance as the market leader as measured by Gross Written Premium (GWP), capital adequacy and profitability. Post-tax profitability for the year was LKR 7.6 Bn, up by 12.7%, a commendable achievement given the operating climate. Besides GWP which is the largest contributor to net income, investment and other income also grew exceptionally well, with a year-on-year (YoY) growth of 33% to LKR 20 Bn. Ceylinco Life's long-standing quality investment portfolio built on prudence and intelligence benefitted from the high interest rate climate that prevailed during the year. Operating expenses reduced by 11% amidst high inflation, helping preserve profitability, attributable to our budgetary controls

and process efficiencies achieved through deployment of technology such as Robotic Process Automation (RPA) and workflow solutions. Return on equity and return on assets clocked in at 15.5% and 4% respectively. Total assets reached LKR 192 Bn which translated to a YoY growth of 10.2%, whilst total equity closed in at LKR 49.4 Bn, a YoY growth of 11.8%.

CUSTOMER-CENTRICITY

With customer interest placed at the core of all that we do, we continued to generate considerably enhanced value to our policyholders throughout the year. Gross claims and benefits paid netted LKR 19 Bn, an increase of 49% over 2021. The dynamism of our product portfolio continued to serve a wide range of customers and their diverse needs of protection and security for the future. In our bid to drive insurance inclusivity by delivering the message of life insurance to far corners of the country, we continued the Life Insurance Week for the fifteenth consecutive year. Our rewards to customers delivered through the iconic Ceylinco Life Family Savari, continued for the 16th consecutive year, understandably in a model different to the original version of excursions, owing to travel restrictions prevailed during the year with 1,056 customers being rewarded with gold coins, vouchers and cash worth LKR 30 Mn.

We also rewarded the policyholders' children through Ceylinco Life Panama scholarship programme, one of the longest standing programmes in the country. With the scholarships granted in 2022, the number of total beneficiary students reached 3,034 whilst the amount of funds disbursed netted LKR 177 Mn, since its inception.

We continued customer engagements and delivering the message of Ceylinco Life to masses through various channels, all of which enabled us to keep the Ceylinco Life brand alive in their memory, as affirmed in a 49% top of the mind-recall rate, as per a recent survey conducted by AC Nielsen.

MANAGING DIRECTOR'S REVIEW



WE CONTINUED TO NURTURE OUR MOST VALUABLE RESOURCE, OUR EMPLOYEES THROUGH THE YEAR. WE PLACED SPECIAL EMPHASIS ON THEIR PHYSICAL AND EMOTIONAL WELL-BEING AS THEY CONFRONTED UNIQUE CHALLENGES ON MULTIPLE FRONTS.



IT ROADMAP

Deploying capabilities offered by IT and digitization form an integral part of our strategy and have largely complemented our other strategic pillars of profit enhancements via process efficiency driven cost savings, superior customer service through faster turn-around-times and environmentally friendly processes through reduced resource consumption and emissions. During 2022 we continued to pursue our targets of driving the CeyLife Digital app, e-submission of policies, digitalization of receipts and promoting Ceylena - an AI based chatbot for resolving customer queries, which augered well for us as well as our policyholders. Process automations through RPA and workflow solutions continued leading to large internal resource efficiencies. We also used data science and data analytic capabilities which supported us in predictive analysis and performance analysis.

OUR PEOPLE

We continued to nurture our most valuable resource, our employees through the year. We placed special emphasis on their physical and emotional well-being as they confronted unique challenges on multiple fronts. At the height of disrupted transportation

due to the fuel shortage in the country, we facilitated the work from home option as well as arranged for transportation. Talent development continued via both virtual and physical modes, with overseas training for eligible staff members resuming after a two-year pause following the pandemic. During the year, we introduced an internship and a graduate programme affording a stepping stone for future insurance professionals and also consciously strengthened our succession planning.

The level of professionalism and the mettle in adapting to persisting challenges of the Ceylinco Life team has been truly remarkable. In reflection of the strong relationships, high-performance and high-trust workplace culture that we maintain at Ceylinco Life, we were certified as a Great Place To Work for the third consecutive year. Ceylinco Life's Trust Index score also increased by five marks enhancing its value as a most sought-after employer.

Previously, Ceylinco Life was ranked among the Ten Best Workplaces within the Banking, Financial Services and Insurance (BFSI) Sector in Sri Lanka founded on assessing employee experience based on Credibility, Respect, Fairness, Pride and Camaraderie through the Trust Index Survey while existing people practices are assessed via a Culture Audit Management Questionnaire. We are proud to note that we garnered high scores in Corporate Image, Meaningful Values and Integrity in the survey which covered 100 per cent of Ceylinco Life's full-time employees.

PLANET & COMMUNITY

Ceylinco Life's deep strategic commitment towards a greener planet and an empowered community translated into solid action during 2022. The Company draws strength from carefully articulated long term projects with considerable monetary resources allocated together with staff volunteerism, in driving sustained and impactful outcomes.

Environmental consciousness - We continued to source clean energy for self-consumption during the year with 05 more branches of our network being powered by solar. Together with our investment of LKR 15 Mn to generate 100 Mw rooftop solar energy at La Serena retirement resort in Uswetakeyiyawa, we remain a net energy contributor to the national grid across several our branches. Our branches on premises owned by us continued to be built along eco-friendly structures featuring natural lighting and water recycling facilities. We drove behavioral changes in our staff members in becoming more environmentally conscious citizens. This initiative involved a branch-wide competition dubbed as Sustainability Champions, awareness sessions conducted by an external subject expert and extending the message to family members of our staff.

Community empowerment - Our efforts of many years continued along the themes of health and education - two powerful factors that can drive sustained human development and eradicate social inequalities. We provided vital support to the country's national health care system by way of maintaining the already donated five High Dependency Units to main state hospitals, such units donated by Ceylinco Life, supports patients recuperating following surgery or the treatment of critical disease. The Company's support in this regard is augmented by the fact that we provide maintenance of these sophisticated equipment to extend the longevity and impact of these machines. Donation of other essential medical equipment also continued in response to evolving needs and bringing relief to thousands of fellow citizens. In addition, we conducted seven health campaigns across disadvantaged communities of the country to ensure identification, treatment and prevention of ailments, thereby enhance the quality of their life.

In our unwavering commitment to empower the future generation of the country, we continued our investments in developing classrooms in underprivileged schools across

the country. Accordingly, we gifted a duly completed classroom to the students Indikolapalasa Primary School, Sewanagala, Monaragala, with construction work of a classroom in WP/HO/Pelpola Kanishta Vidyalaya, Galpatha a conducted in 2022 and to be used by the students of the school in 2023. Thereby bringing the total number of class rooms donated to 85.

Furthermore, in providing life insurance to fellow Sri Lankans, particularly the middle to low-income categories, we continue to make direct contribution in alleviating poverty, well aligned to the United Nation's Sustainability Development Goals.

RECOGNITION

In external affirmation of Ceylinco Life's steadfastness in sound value creation to all its connected stakeholders, we won several prestigious accolades during the year. Being ranked amongst the Ten Most Admired Corporates in Sri Lanka as adjudged by the Chartered Institute of Management Accountants (CIMA) Sri Lanka, International Chamber of Commerce Sri Lanka (ICCSL) and Daily FT for 2021 was one of the illustrious awards. The progressive strength the Ceylinco Life brand has achieved over the years and its penetration to the deeper segments of the country were reflected at the Sri Lanka Institute of Marketing (SLIM) Brand Excellence Awards 2022, where Ceylinco Life bagged its second consecutive Gold for the "Service Brand of the Year", the Silver for "Innovative Brand of the year" for its Ceylinco Life Pension Saver plan, and the Silver for "CSR Brand of the Year". Voted by people as the most popular life insurance company in 2021, Ceylinco Life was presented with the SILM Kantar Peoples Award for the impressive sixteenth consecutive year in 2022. Recognition continued from the international domain as well, with Ceylinco Life recording a milestone in its journey, as it moved five places up in its brand value ranking from 'AA' to 'AA+', published by Brand Finance UK. Ceylinco Life's brand was valued at LKR 3.8 Bn for 2022, an 8.8% increase over 2021. The Ceylinco Life team continues

to be inspired by their own excellence in performance, with the bar raised higher for greater performance in 2023 and beyond.

PROSPECTS

With the anticipated slowdown in the economy and the decline in disposable incomes, the uptake for life insurance products may be affected with a downward trend. It will be imperative for us to recalibrate our product proposition in line with evolving customer demographics to ensure sustained growth and defend our standing as the undisputed market leader in the life insurance business. Special emphasis will be placed on capturing the Gen Z market segment, ably supported by the digi-smart solutions we have on offer which appeal to this segment. We plan to drive performance of our two subsidiaries, Ceylinco Healthcare Services Limited and Serene Resorts Limited, extending their purpose beyond that of commercial interest but also to provide dignified care and support to our customers at times of critical need. We will exercise diligence in our investment strategy particularly in the current operating context to ensure optimum risk-adjusted returns to benefit our policyholders as well as shareholders. In an era where climate change is the defining crisis of the humankind, we remain committed to playing our part as a responsible corporate in reducing our carbon footprint.

APPRECIATION

My gratitude goes out to the Executive Chairman and the Board of Directors of Ceylinco Life for their counsel throughout the year. My appreciation is also extended to the Ceylinco Life team spread across the country for being the unwavering force behind the success of Ceylinco Life. Our shareholder, the parent company Ceylinco Insurance PLC our policyholders, business partners, the Insurance Regulatory Commission of Sri Lanka and our reinsurers are also remembered with deep gratitude for their respective contribution in making Ceylinco Life the outstanding life insurance company it is.

We are a nation that has seen distress of varying degrees. We are also a nation that has demonstrated the ability to rise and thrive. In the earnest hope that the country emerges out of the depths expeditiously, Ceylinco Life remains poised to serve our fellow citizens with the protection of life insurance to pursue their ambitions with confidence and to propel the country towards prosperity.



Thushara Ranasinghe
Managing Director / CEO

23rd February 2023

UNWAVERING STRIDES TOWARDS A GREENER FUTURE SUSTAINABILITY POLICY

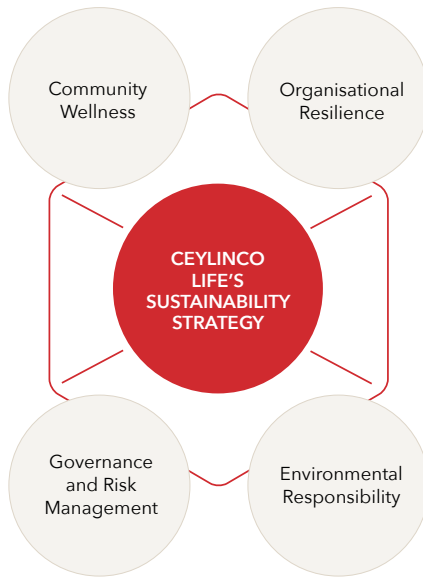
AN UNWAVERING COMMITMENT

At Ceylinco Life, our commitment towards sustainability has long enabled us to remain resilient and persevere even amid challenging times. The year under review was no different, with the organisation continuing to build on its sustainability initiatives, in order to ensure long-term growth and empower those around us – thereby fulfilling our purpose to derisk the lives and livelihoods of our valued stakeholders.

Our vision to take the message of life insurance and retirement planning to every Sri Lankan and provide protection to every family is deeply connected to our goal of building sustainable, healthier communities for life. Therefore, sustainability remains an integral component of our overall business success and strategy.

OUR SUSTAINABILITY STRATEGY

Ceylinco Life’s steadfast purpose to advance sustainability serves is endorsed by the Board of Directors, and is established on four principles, outlined below:



AS A LIFE INSURANCE COMPANY, WE CONSISTENTLY SEEK TO BALANCE THE NEEDS OF TODAY WITH OUR COMMITMENTS IN THE FUTURE. THIS PERSPECTIVE COMPELS US TO CONSIDER THE ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS OF OUR DECISIONS. IT IS OUR POLICY TO CONDUCT OUR BUSINESS IN A SUSTAINABLE MANNER, LEAVING A MINIMAL FOOTPRINT AS POSSIBLE ON OUR PLANET.

The strategies outlined above reflect the input and insights received from external and internal stakeholders and are aligned with our company's overall Vision and Purpose.

SUSTAINABILITY GOVERNANCE

The company's sustainability governance structure is outlined below, and is further detailed in pages 33 - 34 of this report.

ORGANISATIONAL OVERVIEW



OUR SUSTAINABILITY PRINCIPLES

ORGANISATIONAL RESILIENCE

We cultivate an organisation that is competitive, forward-thinking, resilient and sustainable for the long term, to enable us to continue to meet the needs of our key stakeholders, who are at the centre of all we do.

ENVIRONMENTAL RESPONSIBILITY

We recognise that our business has a corporate social responsibility to enhance the environment and promote the long-term sustainability of the industry and aim to inspire our staff, clients and vendors to do the same. Our objective lies not only in sustaining the environment for our descendants but in rehabilitating any preceding damage. We believe that our corporate responsibility extends beyond proprietary borders and therefore, every effort will be made to conserve resources throughout our operations. The growth of our company depends on our ability to minimise or eliminate our impact on our surroundings and we are firmly cognisant that the company's

future and the future of our environment are interconnected.

COMMUNITY WELLNESS

We believe that by actively supporting the communities in which we live and work, we can help to build a positive environment for our stakeholders.

GOVERNANCE AND RISK MANAGEMENT

We believe a well-governed organisation contributes to a stable operating platform for the Company and positions us to meet our obligations to stakeholders. Proactive risk management and a strong risk culture are essential to our long-term success.

STAKEHOLDER ENGAGEMENT








Our commitment to sustainability begins with listening to our stakeholders. Through a variety of engagement channels, we seek to understand and integrate the needs and interests of our stakeholders into all aspects of our operations and thereby into our sustainability strategy.

Open dialogue and inclusive engagements help us improve our business, build positive relationships and understand evolving expectations. The company considers the main stakeholders relevant to sustainability to be those who have a direct or indirect interest in, or can influence or be impacted by, our business activities. More details can be found within the Stakeholder Engagement section on pages 38 - 46 of this report.

MATERIALITY ASSESSMENT

Our sustainability reporting focuses on a series of Material Topics. We identify, prioritise and validate these issues or concerns with the support of our ongoing stakeholder engagement process and an annual materiality analysis to ensure that we address the issues pertinent to the times. Please refer our Materiality Assessment on page 47 - 49.

STEADFAST THROUGH TURBULENCE

<p>Financial Stability</p>  <p>Improving financial stability is vital to keep our company resilient in terms of financial strength. This enables us to honour customer claims throughout the terms of the contracts. This is also a key factor for customers to trust us. We ensure that all funds are invested in a prudent manner adhering to regulatory guidelines to generate steady returns and accumulate financial wealth.</p>  <p>Delivering Financial Value (page 68 - 87)</p>	<p>Customer Focus</p>  <p>Placing our customers at the centre means, listening to them and understanding what they need from us at every touch point. It is not just about selling insurance or the best outcomes for our policyholders. Our customer-centric strategy means we're working harder than ever to ensure we are modernising and humanising our brand, while maintaining our core attributes of being a caring, optimistic and relevant company.</p>  <p>Retaining Market Leadership (page 98 - 109)</p>	<p>Technological Innovation</p>  <p>We are transforming our business by digitising current operations and creating innovative new models that delight our customers, demystify a complex business and support the important work of our sales agents and business partners. Leveraging data enables us to personalise and deepen relationships with customers, and better predict and anticipate their needs to help them achieve their goals. In the digital age, we can become a larger part of their daily lives, thanks to mobile connections, new tools and capabilities.</p>  <p>Transforming through Technology (page 125 - 132)</p>	<p>Talent Management</p>  <p>We are committed to creating inclusive, sustainable and empowering workplaces where employees can contribute to their full potential. Our objective is to build and attract a disproportionate share of top talent across our businesses, wrapped in a culture that emphasise collaboration, integrity and treating customers and colleagues with dignity and respect.</p>  <p>Investing in our People (page 144 - 161)</p>
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SUSTAINABILITY POLICY

ORGANISATIONAL OVERVIEW

ENVIRONMENTAL RESPONSIBILITY



Environmental Impact Management

We are accountable for our impact on the environment, and work every day to measure, manage and reduce that impact. Through our environmental management framework, we integrate environmental sustainability into our day-to-day operations and decision-making. Our wide range of programmes and practices aim to mitigate and minimise the environmental footprint of our business. We track and report on key environmental indicators to monitor progress and identify opportunities for improvement.



Nurturing Our Environment (pages 133 - 143)

COMMUNITY WELLNESS



Promotion of Community Health and Facilities

We contribute to uplift the standard of health and medical facilities of the nation by donating high dependency units (HDU) to hospitals. We further conduct 'Waidya Hamuwa' programs in rural communities to help them improve their health conditions.



Building Relationships for Life (pages 110 - 113)



Promotion of School Facilities

We continue to support schools in rural areas by undertaking the design and construction of classrooms.



Building Relationships for Life (pages 110 - 113)

GOVERNANCE AND RISK MANAGEMENT



Ethics, Integrity and Corporate Governance

We continuously maintain a firm stance with respect to ethics and integrity. We voluntarily comply with the Code of Best Practice on Corporate Governance.

Refer Corporate Governance (pages 180 - 196)



Risk Management

As a large life insurance company, we are exposed to various risks, including sustainability-related risks. Our Enterprise Risk Management Framework prescribes a comprehensive set of programs for conducting our business activities. The risks that arise when providing products and services to customers are managed within these programs. This framework, along with our suite of risk management policies, seeks to ensure that risks are appropriately managed to achieve the Company's business objectives.







Refer Enterprise Risk Management (pages 197 - 205)

OUR COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The United Nations' Sustainable Development provide a guide for development priorities aimed towards ending poverty, protecting the planet and ensuring prosperity for all as part of a new sustainable development agenda. Ceylinco Life directly and indirectly contributes towards Sri Lanka's progress of 12 of the 17 SDGs.



This year, we have sought to improve our SDG reporting by disclosing on the company's prioritisation and the potential impact towards each of the 12 SDGs listed below.











SDG	Priority	Potential Impact	Our Status	Future Plans	Strategic Pillars
		<p>Improving financial security of the public by providing financial protection against eventualities</p> <p>Generation of opportunities for communities to improve their livelihoods</p>	<ul style="list-style-type: none"> • 1mn+ policies in force • Rs. 19.2 Bn claims and benefits paid to policyholders • Annual salary increments • Consistent bonus and incentives 	<p>Special focus on generation of employment opportunities in rural areas</p> <p>Engaging small-scale suppliers and helping them to grow</p>	<p>Delivering Financial Value - Pages from 68 to 87</p> <p>Investing in Our People - Pages from 144 to 161</p> <p>Building Relationships for Life - Supplier and Business Partner Management and Approach - Pages from 120 to 124</p>
		<p>Providing financial security by protecting lives against eventualities</p> <p>Promoting good health and wellness through our CSR activities and Company specific medical and insurance covers</p>	<ul style="list-style-type: none"> • 07 Waidya Hamuwa health camps for the community • Donating Surgical High Dependency Units to national hospitals • Providing specialized healthcare services for cancer through Ceylinco Healthcare Services Ltd • Health checkups for policyholders and employees at concessionary rates • Group medical insurance cover for staff and families • Fully equipped gymnasium for staff members • Investment in new associate, Kings Hospital Colombo (Pvt.) Ltd, to further promote health facilities 	<p>Creating awareness about impact of NCD's and educating communities about NCD's preventive and control measures. Promotion of organic gardening in company premises</p>	<p>Building Relationships for Life - Community Management and Approach - Pages from 110 to 113</p> <p>Building Relationships for Life - Policyholder relationship Management and Approach - Pages from 98 to 109</p>
		<p>Supporting Primary and Secondary</p>	<ul style="list-style-type: none"> • "Ceylinco Pranama" scholarship scheme • Class room development projects in rural areas • Free Year Five scholarship seminars for candidates 	<p>Maintenance and upkeep of donated class rooms</p> <p>Promotion of education a captive market for insurance</p>	<p>Building Relationships for Life - Community Management and Approach - Pages from 110 to 113</p> <p>Building Relationships for Life - Policyholder relationship Management and Approach - Pages from 98 to 109</p>

SUSTAINABILITY POLICY

ORGANISATIONAL OVERVIEW

SDG	Priority	Potential Impact	Our Status	Future Plans	Strategic Pillars
		Promotion of gender balance in the workplace and society	<ul style="list-style-type: none"> Female, male ratio in the sales force increased to 51/49 "Liya Saviya" hotline for women for voicing their grievances 	<p>Special focus on female recruitments</p> <p>Increasing engagement with women in the workforce through special corporate events</p> <p>Promotion of insurance covers specially designed for women</p>	<p>Building Relationships for Life - Investing in our People - Pages from 144 to 161</p> <p>Building Relationships for Life - Sales Agents Management and Approach - Pages from 114 to 119</p> <p>Building Relationships for Life - Policyholder relationship Management and Approach - Pages from 98 to 109</p>
		Minimizing the water wastage while expanding water harvesting and increasing water recycling	<ul style="list-style-type: none"> Rain water harvesting and sewerage water recycling for gardening purposes 	<p>Expanding sewerage recycling plants</p> <p>Encouraging staff to follow eco-practices to preserve water</p>	Nurturing the Environment - Pages from 133 to 143
		Reducing our usage of non-renewable energy in the business operations	<ul style="list-style-type: none"> Head Office generated 62.5 MWh in solar energy in 2022 The organisation generated 790 MWh in solar energy in 2022 	Adding 4 new buildings to generate 120 Mwh	Nurturing the Environment - Pages from 133 to 143
		Offering a best-in-class workplace for individuals to promote personal and professional growth	<ul style="list-style-type: none"> Accredited as a Great Place to Work Substantial investments in government securities Commitment to anti-corruption and non-discriminatory practices Substantial investments in banking sector Partnerships with small-scale suppliers 		<p>Investing in Our People - Pages from 144 to 161</p> <p>Delivering Financial Value - Pages from 68 to 87</p> <p>Building Relationships for Life - Supplier and Business Partner Management and Approach - Pages from 120 to 124</p>
		Investing in the largest and most geographically spread branch network leading the life insurance sector	<ul style="list-style-type: none"> 19 years of market leadership Largest branch network in the industry Contribution to 29% of total assets in the industry Launching awareness campaigns to improve penetration 	Expansion of owned branches Special focus on digitally-enabled insurance solutions and operations	<p>Building Relationships for Life - Policyholder relationship Management and Approach - Pages from 98 to 109</p> <p>Nurturing the Environment - Pages from 133 to 143</p>

SDG	Priority	Potential Impact	Our Status	Future Plans	Strategic Pillars
		Providing equitable opportunities for all regardless of race, gender, religion, or caste	<ul style="list-style-type: none"> • Transparent performance appraisals to staff at all levels • Merit-based recruitments • Merit-based promotions 	<p>Alignment of HR policies to improve diversity and inclusion</p> <p>Special focus on generation of employment opportunities in regional areas</p> <p>Engaging small-scale suppliers and helping them to grow</p>	<p>Sales Agents Management and Approach - Pages from 114 to 119</p> <p>Investing in our People - Pages from 144 to 161</p> <p>Building Relationships for Life - Supplier and Business Partner Management and Approach - Pages from 120 to 124</p>
		Reducing consumption of natural resources and management of waste	<ul style="list-style-type: none"> • Introduced e-submission of insurance proposal • Introduced e-KYC system for customer profiling • Introduced SMS receipts to eliminate manual receipts • Collection of waste and e-waste for re-cycling 	<p>More focus on eco-friendly initiatives in supplier evaluation</p> <p>All correspondences to be converted into electronic forms.</p> <p>Increased monitoring of resource utilization across the branch network</p>	<p>Transforming through Technology - Pages from 125 to 132</p> <p>Nurturing the Environment - Pages from 133 to 143</p>
		Installing solar powered units in our branch networks	<ul style="list-style-type: none"> • 44,388 kg of waste used paper through recycling. • Reduced fuel consumption by 112,828 Ltrs. 	<p>Increasing awareness of staff on eco-practices</p> <p>Transforming in to new Green Branches</p> <p>More focus on eco-friendly initiatives in supplier evaluation</p>	<p>Nurturing the Environment - Pages from 133 to 143</p>
		Promoting ethical, corruption-free business practices and a culture of conformance	<ul style="list-style-type: none"> • Establishing the right tone at the Board level • Internal controls on prevention of bribery, corruption and money laundering • Code of ethics and business conduct • Compliance with applicable laws and regulations • Strong risk management framework 	<p>Increasing awareness of ethics and best practices</p> <p>System improvements to monitor and report on compliance</p>	<p>Building Relationships for Life - Supplier and Business Partner Management and Approach - Pages from 120 to 124</p> <p>Corporate Governance - Pages from 108 to 196</p> <p>Enterprise Risk Management - Pages from 197 to 205</p>

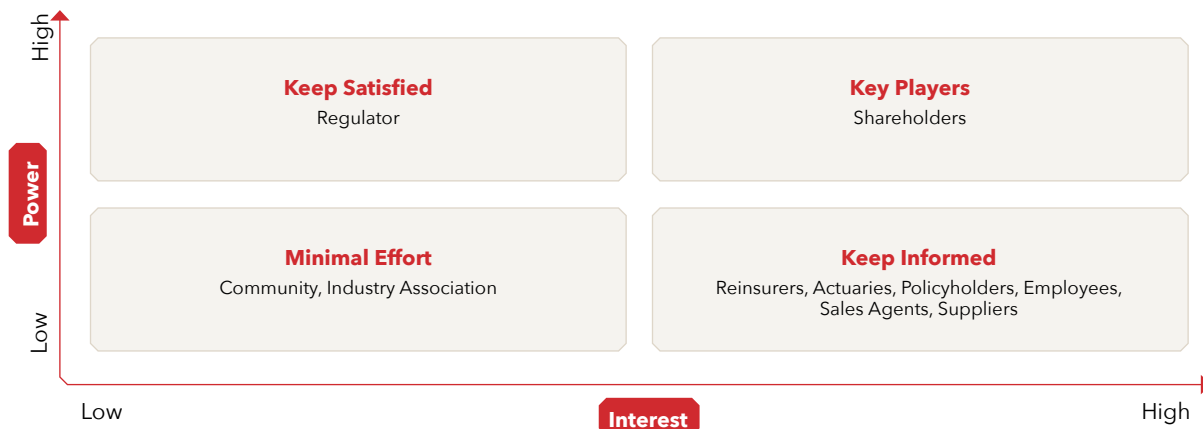
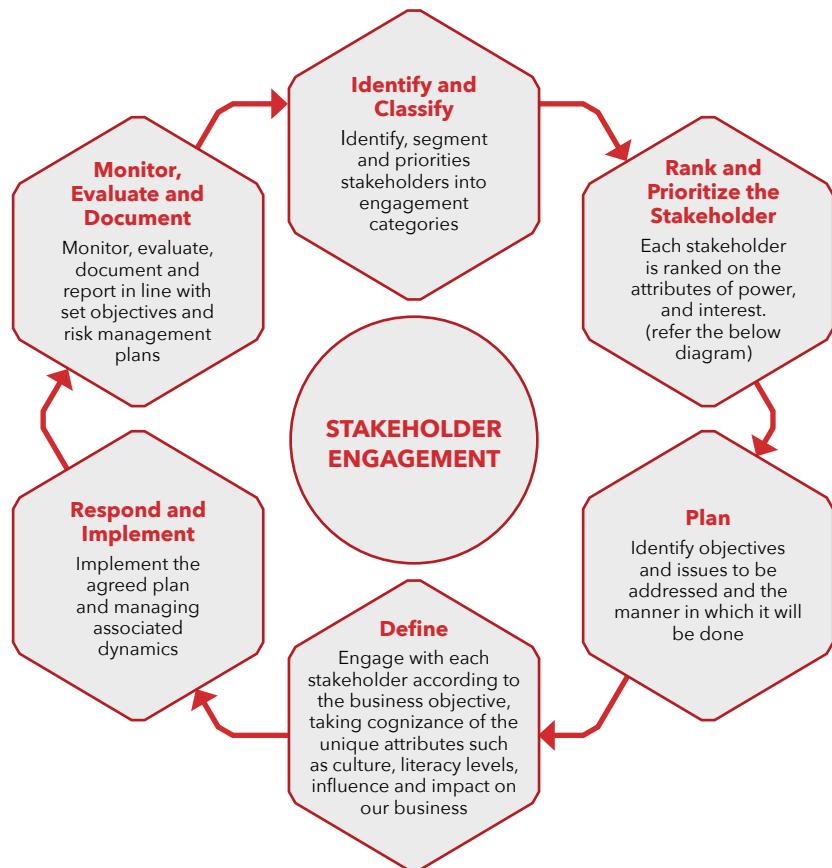
FOSTERING ENDURING RELATIONSHIPS FOR LIFE

MANAGING STAKEHOLDER RELATIONSHIPS

CEYLINCO LIFE BELIEVES THAT THE PARTNERSHIPS WE BUILD WITH OUR STAKEHOLDERS ARE AN INVALUABLE ASSET THAT GOVERNS THE SUCCESS OF OUR BUSINESS TO CREATE ENDURING VALUE. THEREFORE, WE CONTINUOUSLY COLLABORATE AND ENGAGE WITH OUR STAKEHOLDERS TO IDENTIFY AND PRIORITISE THE INTERESTS OF OUR STAKEHOLDERS ON AN ONGOING BASIS. THIS HELPS US TO MANAGE THE OVERALL ENGAGEMENT FRAMEWORK OF THE COMPANY TO MEET THEIR NEEDS AND EXPECTATIONS. STAKEHOLDER MAPPING IS PART OF OUR REGULAR REVIEW PROCESS TO ENSURE THAT WE SET IN PLACE A PROCESS THAT PROMOTES POSITIVE, PRODUCTIVE AND MUTUALLY BENEFICIAL RELATIONSHIPS BY ALIGNING WITH THE ASPIRATIONS OF OUR STAKEHOLDERS.

OUR STAKEHOLDER MANAGEMENT PROCESS

Ceylinco Life manages its stakeholders via a six-step process that is designed to nurture productive, mutually beneficial relationships that result in a net-positive impact. As an organisation built on trust and an unwavering commitment towards transparency and integrity, we continue to uphold these principles across our interactions with our internal and external stakeholders, while responding to their emerging needs, key concerns and expectations at every stage. Continuous engagement and communication underpin every stakeholder relationship, enabling the organisation remain apprised of and understand their needs and concerns.



QUALITY OF ENGAGEMENT	
	No existing relationship
	Relationship is established, but quality is not substantially improved
	Relationship is established and adding value, but there remains room for improvement
	Good quality, mutually beneficial relationships with some room for improvement
	Strong relationship with mutual benefits




CAPITALS	RISKS	LEVEL OF ENGAGEMENT
Financial Capital	1 Insurance	Consult
Intellectual Capital	2 Regulatory	Involve
Social and Relationship Capital	3 Financial	Collaborate
Manufactured Capital	4 Operational	
Human Capital	5 Reputational	
Natural Capital	6 Strategic	
	7 Natural Catastrophe	




OUTCOMES	
	Positive
	Negative




SHAREHOLDERS	
Importance to Ceylinco Life : Ceylinco Insurance PLC is the sole shareholder of the company, providing equity necessary for the company's operations.	
	Scope: Internal No. of Shareholders: 01
Quality of Engagement	
Relationship Manager	Board of Directors
Engagement Frequency	Periodically, quarterly, ad hoc, annually
Engagement Channels	AGMs and EGMs, annual report and corporate website
Key Risks	3 , 6
Area of Interests	Sustainable financial returns and growth Attractive dividends Sound balance sheet A strong reputation Transparency of financial information and disclosures
Key stakeholder concerns in 2022	Our Response
Consistent returns and performance	<ul style="list-style-type: none"> Optimizing the product mix and focusing on cost-effective strategies to increase revenue and profitability
Financial resilience	<ul style="list-style-type: none"> Engaging in prudent investment strategies Managing risks within the acceptable risk appetite limits
Good governance and accountability	<ul style="list-style-type: none"> Submission of regular disclosures and updates A strong governance structure
Prudent management of resources	<ul style="list-style-type: none"> Sustainable policies and strategies
	Impacted Capitals
	Impacted SDGs
	Strategic Drivers Delivering Financial Value pages 68-87
	Outcome
	Dividend proposed = Rs 912.5 Mn Dividend paid = Rs. 787.5 Mn in 2022 vs Rs. 782.5 Mn in 2021 DPS (Proposed) = Rs. 18.25 in 2022 vs Rs. 15.75 in 2021 ROE = 15.45% in 2022 vs 15.33% 2021 ROA = 3.98% in 2022 vs 3.90% in 2021 EBITDA = Rs. 10.5 Bn in 2022 vs Rs. 9.1 Bn in 2021
Outlook: Refer to Managing Director's Review on pages 28 - 31	

MANAGING STAKEHOLDER RELATIONSHIPS

INTEGRATED STRATEGY FOR VALUE CREATION

REINSURER		
Importance to Ceylinco Life : Long-term partnership that provide financial protection and support to Ceylinco Life		Scope: External
		No. of Reinsurers: 03
Quality of Engagement	●●●●●	Impacted Capitals  
Relationship Manager	Head of Technical	
Engagement Frequency	Periodically, quarterly, ad hoc, annually	Impacted SDGs 8
Engagement Channels	Formal treaties, virtual meetings and other electronic media.	
Key Risks	1, 5	Strategic Drivers Building Relationships for Life - Supplier and Business Partners Management pages 123 - 124 Delivering Financial Value pages 68 - 87
Area of Interests	Timely payments Financial stability and resilience Accurate data and disclosures	
Key stakeholder concerns in 2022		Outcome 
Our Response		
Timely payments	<ul style="list-style-type: none"> Maintaining financial resilience to ensure the company can honour its payments 	Premium ceded Rs. 472.2 Mn in 2022 vs Rs. 308.5 Mn in 2021
Transparency and accountability	<ul style="list-style-type: none"> Maintaining trust and longstanding partnerships through openness and accountability Supplying data to support accurate computations 	Claims recovery Rs. 218.3 Mn in 2022 vs Rs. 191 Mn in 2021
Stability and business continuity	<ul style="list-style-type: none"> Managing risks through business continuity planning, diversification and farsighted strategies 	
Outlook: Ceylinco Life will remain committed to maintaining a long-standing healthy relationship with our reinsurers in future.		

ACTUARIES		
Importance to Ceylinco Life : Professional consultancy services that calculate insurance risks and premiums to facilitate accurate, farsighted decision making and profitable results		Scope: External
		No. of Actuaries: 02
Quality of Engagement	●●●●●	Impacted Capitals  
Relationship Manager	Head of Technical	
Engagement Frequency	Periodically, quarterly, ad hoc, annually	Impacted SDGs 8
Engagement Channels	Legal agreements, teleconferences, virtual meetings and other electronic media	
Key Risks	1, 5, 6	Strategic Drivers Building Relationships for Life page- Supplier and Business Partners Management 124 Delivering Financial Value pages 68 - 87
Area of Interests	Timely payments Financial stability and resilience Accurate data and disclosures	
Key stakeholder concerns in 2022		Outcome 
Our Response		
Timely payments	<ul style="list-style-type: none"> Maintaining financial resilience to ensure the company can honour their payments 	Total Payments made to actuaries amounts to Rs. 35.4 Mn in 2022 vs 26.5 Mn in 2021
Transparency and accountability	<ul style="list-style-type: none"> Maintaining trust and longstanding partnerships through openness and accountability Supplying data to support accurate valuation 	
Outlook: Ceylinco Life will remain committed to maintaining a long-standing healthy relationship with our actuaries in future.		

POLICYHOLDERS		
Importance to Ceylinco Life : Customers serve as the key revenue provider for Ceylinco Life.		Scope: External No. of Policyholders: 1 Mn +
Quality of Engagement	●●●●●	Impacted Capitals  Impacted SDGs  Strategic Drivers Building Relationships for Life pages - Policyholder relationship Management 98 - 109 Retaining Market Leadership pages 88 - 95 Transforming through Technology pages 125 - 132
Relationship Manager	Head of Marketing, Head of Customer Service, Head of Technical and Sales Agents	
Engagement Frequency	Periodically, quarterly, ad hoc, annually	
Engagement Channels	Branch network and sales agents, corporate website, inquiries and complaints, feedback and surveys, social media, events and programs, newsletters, emails and other communications	
Key Risks	1, 2, 3, 4, 5, 6, 7	
Area of Interests	Obtaining best-in-class life insurance solutions A focus on health and well-being Cost-effective solutions Accessible & convenient solutions Timely payment of claims Financial stability and resilience Ethical business operations Privacy and security	
Key stakeholder concerns in 2022	Our Response	Outcome 
Stability and adaptability	<ul style="list-style-type: none"> • Providing short-term investment-oriented solutions • A strong & balanced portfolio • Continuing to analyse the environment to determine customer needs • Flexible policies • Business continuity and prudent investment strategies to drive organisational resilience • Timely payment of claims 	Total number of customer complaints received = 411 No of new policies registered online = 67353 Net claims paid = Rs.18,969 Mn vs 12,736 Mn in 2021 Total investment in data privacy software's = Rs.9.5 Mn in 2022
Security and trust	<ul style="list-style-type: none"> • High-end data security and privacy solutions • Standards, ethical practices and compliance with regulatory requirements • Anti-fraud mechanisms 	
Accessibility and convenience	<ul style="list-style-type: none"> • Digital transformation to enable remote services amid mobility restrictions • Omni-channel accessibility • Streamlined processes and innovative solutions • Empowering sales agents to provide an exceptional service 	
Outlook: Ceylinco Life won the Gold and Silver awards in 2022 as the "Service Brand of the Year" and the "Innovative Brand of the Year" respectively. This ensures the trust and confidence the policyholders have retained in us. This trust will help us to retain the market leadership in the future as well by providing an exceptional service.		

MANAGING STAKEHOLDER RELATIONSHIPS

EMPLOYEES

Importance to Ceylinco Life : Permanent staff of the organization drive and enable company-wide operations.

Scope: Internal

Number of Employees: 752

Quality of Engagement ●●●●●

Relationship Manager Head of Human Resource and Head of Operations

Engagement Frequency Periodically, quarterly, ad hoc, annually

Engagement Channels Meetings and discussions, events and programs, newsletters emails and other, grievance handling processors

Key Risks 2, 3, 4, 6, 7

- Area of Interests**
- Fair, equitable remuneration
 - Equal opportunities
 - Work-life balance
 - Supportive policies
 - Empowerment and engagement
 - Open communication
 - Career development
 - Job security
 - Health and safety

Impacted Capitals



Impacted SDGs



Strategic Drivers

- Investing in our People pages 144 - 161
- Delivering Financial Value pages 68 - 87
- Transforming through technology pages 125 - 132

Key stakeholder concerns in 2022

Our Response

Outcome +

Stability and support

- No pay cuts were enforced
- Continuing to offer attractive remuneration packages and rewards, with all planned profit incentives paid

Rs. 2.8 Bn paid to our employees in 2022 as remuneration and cash benefits

Navigating complexity

- Training and developing a digitally empowered, agile workforce
- Open communication and transparency

Training hours per employee= 19.1 hours in year for 2022 vs 14.7 hours in 2021



Outcome +



Progress and welfare

- Nurturing a safe, inclusive environment
- Offering flexible policies while supporting mental health needs

Number of promotions given = 159 in 2022 vs 139 in 2021

Outlook: Refer to Investing in Our People on page 161




SALES AGENTS		
Importance to Ceylinco Life : The sales force promotes our products and maintains close relationships with our policyholders to retain market leadership.		Scope: External
		Number of Sales Agents: 2868
Quality of Engagement	●●●●●	Impacted Capitals  Impacted SDGs  Strategic Drivers Building Relationships for Life - pages - Sales Agents Management Pages 114 - 119 Transforming through Technology - pages 125 - 132 Delivering the financial value - pages 68 - 87
Relationship Manager	Head of Agency Administration and Head of HR	
Engagement Frequency	Periodically, quarterly, ad hoc, annually	
Engagement Channels	Events and programs, grievances handling, training and development programs and other electronic media	
Key Risks	1, 3, 4, 5, 6	
Area of Interests	Progression and growth Flexibility and convenience Healthy commissions Guidance and knowledge	
Key stakeholder concerns in 2022	Our Response	Outcome +
Flexibility and convenience	<ul style="list-style-type: none"> Digitally empowering sales agents through technology and process improvements 	Total commission paid = Rs. 2,071.5 Mn
Guidance, support and progress	<ul style="list-style-type: none"> Maintaining a competitive, rewarding, inclusive sales culture Offering guidance, coaching and counselling to improve performance amid a challenging environment Supporting and motivating the sales force through improved remuneration criteria 	Total cost on training and development of sales force = Rs. 42 Mn
Outlook: Develop a clear and comprehensive sales strategy that aligns with overall goals of the organization		

INDUSTRY ASSOCIATIONS		
Importance to Ceylinco Life : As the leader in the life insurance sector, it is imperative that industry growth and best practices are driven in collaboration with respective industry associations to promote the best interests of the industry and long-term stability.		Scope: External
		Number of Industry Associations: 04
Quality of Engagement	●●●●●	Impacted Capitals  Impacted SDGs  Strategic Drivers Building Relationships for Life - Supplier and Business Partners Management page 124 Delivering the financial value - pages 68 - 87
Relationship Manager	MD/CEO and other department heads	
Engagement Frequency	Periodically, quarterly, ad hoc, annually	
Engagement Channels	Meetings and discussions, events and programs	
Key Risks	2, 3, 5, 6	
Area of Interests	Enabling collective growth and collaboration Promote industry growth and stability	
Key stakeholder concerns in 2022	Our Response	Outcome +
Compliance and ethical practices	<ul style="list-style-type: none"> Participating in joint industry efforts to drive growth and shape the outlook of the industry 	Participation in industry events
Outlook: We will continue to maintain strong and collaborative relationships with our industry associations in future		

MANAGING STAKEHOLDER RELATIONSHIPS


INTEGRATED STRATEGY FOR VALUE CREATION

COMMUNITY AND ENVIRONMENT		
Importance to Ceylinco Life : The surrounding communities and the environment derive positive, purposeful growth, and sustainable operations.		Scope: External Number of Community Projects: 14
Quality of Engagement		Impacted Capitals Impacted SDGs Strategic Drivers Community Management Building Relationships for Life - Community Engagement pages 110 - 113 Transforming through Technology - pages 125 - 132 Delivering the financial value - pages 68 - 87
Relationship Manager	CFO and the Head of Marketing	
Engagement Frequency	Periodically, ad hoc	
Engagement Channels	Meetings and discussions , CSR forum, workshops, virtual meetings, teleconferences, electronic media	
Key Risks		
Needs and Interests	Improve livelihood and standard of living Responsible consumption of natural resources A minimal impact on the environment	
Key stakeholder concerns in 2022	Our Response	Outcome
Safeguarding communities	<ul style="list-style-type: none"> Enabling the progress of future generations through education Investing in Sri Lanka's medical infrastructure Providing opportunities for inclusive healthcare Contributing to improve quality of life through infrastructure development and employment opportunities 	5 branches were converted to green branches incurring a cost of Rs.20.5 Mn Rs.5.5 Mn was spent on CSR projects during the year Saved Rs. 8.4 Mn in electricity expense in 2022 compared to 2021
Sustaining the environment	<ul style="list-style-type: none"> Strategies to minimize the environmental impact Assessing and monitoring the company footprint Relying on sustainable expansion and resource consumption A focus on renewable energy sources 	Invested Rs.32.4 Mn on solar panels during the year. The largest investment since 2012
Outlook: Refer to Our Approach to Community Engagement on page 110 and Nurturing Our Environment on page 133		

REGULATORS		
Importance to Ceylinco Life : Ensuring compliance with legal and regulatory requirements maintains business continuity and builds public trust		Scope: External Number of Key Regulators: 03
Quality of Engagement	● ● ● ●	Impacted Capitals 
Relationship Manager	Principal Officer, Compliance Officer and Board of Directors	
Engagement Frequency	Periodically, quarterly, ad hoc, annually	Impacted SDGs 
Engagement Channels	Submission of returns, payment of taxes and levies and official correspondences	
Key Risks	2, 3, 4, 5, 6	Strategic Drivers Building Relationships for Life - Supplier and Business Partners Management page 124 Delivering the financial value - pages 68 - 87
Area of Interests	Timely submission of returns Timely payment of taxes Ethical business practices	
Key stakeholder concerns in 2022	Our Response	Outcome 
Compliance and ethical practices	<ul style="list-style-type: none"> • Ongoing compliance with rules and regulations • Taking steps to adhere to the new Data Protection Act • Transparency and timely disclosures • Maintaining industry best practices and responsible operations • Engaging in continuous dialogue and assessing the environment to ensure adherence to revisions to existing regulations or new regulations 	Rs. 3.1 Bn was paid as direct taxes during the year in 2022 Rs. 168.4 Mn was paid in total as levies, fees and charges to the governing bodies.
Outlook: The increase in tax rates in the country will have a negative impact on the bottom line and brought forward reserves of the company. However, effective tax planning will mitigate such negative effects to some extent. We expect the industry specific regulatory compliance requirements to increase in the future. However, we will be able to adhere to such requirements successfully with the support of our compliance team.		

MANAGING STAKEHOLDER RELATIONSHIPS

INTEGRATED STRATEGY FOR VALUE CREATION

SUPPLIERS	
Importance to Ceylinco Life : As a company that is guided by building relationships for life, we need to manage our relationships with suppliers who provide inputs for the value creation of the business.	Scope: External Number of Suppliers: 1695
Quality of Engagement	● ● ●
Relationship Manager	Head of Administration and other department heads
Engagement Frequency	Periodically, quarterly, ad hoc, annually
Engagement Channels	Meetings and discussions, formal agreements, teleconferences and other electronic media
Key Risks	3, 4, 5, 7
Area of Interests	Timely payments Balancing cost-effectiveness with quality Long-term, mutually beneficial partnerships Fostering sustainable growth
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>Impacted Capitals</p>  <p>Impacted SDGs</p> <p>8 9 10 12 16</p> <p>Strategic Drivers</p> <ul style="list-style-type: none"> Delivering Financial Value pages 68 - 87 Transforming through technology pages 125 - 132 Suppliers and Business Partners Management Building Relationships for Life pages 120 - 124 Nurturing the environment pages 133 - 143 </div> <div style="width: 35%; text-align: right;"> <p>Outcome +</p> <p>Payments to suppliers = Rs. 3.5 Bn</p> </div> </div>	
Key stakeholder concerns in 2022	Our Response
Maintaining strong, ethical partnerships	<ul style="list-style-type: none"> Offering timely payments and consistent policies Continuing to work with and nurture existing suppliers Prioritizing local suppliers
Prudent management of resources	<ul style="list-style-type: none"> Offering guidance and support to manage resources wisely Promoting environmentally friendly practices
Outlook: We will continue our existing strong and collaborative relationships with our suppliers and business partners and will further extend our focus on sustainability practices in supplier evaluations in the future.	

MAPPING OUR MATERIAL PRIORITIES

MATERIALITY ASSESSMENT

MATERIAL TOPICS ARE DEFINED AS THE FACTORS THAT POSE THE MOST SIGNIFICANT IMPACT TO THE COMPANY’S ABILITY TO CREATE VALUE OVER TIME. THESE FOCUS AREAS MAY EVOLVE AND TRANSFORM IN LINE WITH STAKEHOLDER NEEDS AND ENVIRONMENTAL DYNAMICS, AND THEREFORE CEYLINCO LIFE FOCUSES ON REGULARLY REVIEWING EXISTING MATERIAL TOPICS AND IDENTIFYING NEW TOPICS OF CONCERN, AND ENSURING THEY ARE PRIORITISED ACCORDING TO THEIR POTENTIAL IMPACT ON OPERATIONS AND KEY STAKEHOLDERS.

The prudent management of Material Topics influence the organisation’s ability to deliver steadfast, unwavering value both internally (to investors, lenders and employees) and externally (to the environment and society). Therefore, the company adopts the double materiality process outlined below. The result of this assessment defines the content disclosed within this integrated report.



DETERMINING MATERIALITY

Ceylinco Life relies on the following guidelines to determine the materiality of the range of topics that are identified from its external and internal assessments.

- IMPORTANCE OR SCALE OF IMPACT** → The degree of impact to operations and stakeholders is significant
- FREQUENCY OF OCCURRENCE** → A low or moderate impact with a high likelihood of occurrence
- COMPLIANCE AND REGULATORY IMPLICATIONS** → Stipulated regulatory mechanisms for good governance and stewardship
- POTENTIAL RISK TO STAKEHOLDERS** → Topics that disrupt operations or expose stakeholders to adverse conditions

REVISIONS AND IMPROVEMENTS

We realigned our material topics in 2022, with a view of improving the conciseness and relevance of our disclosures, we realigned our existing 15 Material Topics in to 7, while retaining the overall 4

Material Themes. We believe this realignment will help us better understand matters that are material to our value creation, which in turn helps us allocate our resources in a more meaningful manner to address those topics.

Ceylinco Life further enhanced its materiality assessment by taking into consideration a double materiality perspective, to clearly define the scope of its impacts. In line with this principle, the company assessed materiality by mapping out each topic’s internal impact (financial materiality), and its external impact (environmental and social materiality), while continuing to rank and assess any change in materiality year-on-year. The company chose to report on the reason for any change in materiality in order to further elaborate on the surrounding needs and reason for increased prioritisation.

MATERIAL THEME	MATERIAL TOPICS 2022	MATERIAL TOPICS BEFORE 2022
1. Building Customer Loyalty and Trust	1. Best-in-class life insurance solutions and excellence in Customer service	1. Mitigating customer risk through product offerings
	2. Ethical business conduct, good governance and compliance	2. Excellence in customer standards and service
2. Sustainable Business Operations	3. Building business and financial resilience	3. Good governance, compliance and conduct
	4. Safeguarding society and environment	4. Ethical business conduct
3. Protecting and Safeguarding a Nation	5. Building long-term business relationships for wider market reach	5. Building financial resilience
	6. Technological advancement	6. Ensuring business continuity
4. Enabling Stakeholder Growth and Progress	7. Attract, recognize and invest in employees and sales agents	7. Strategic growth and Leadership
		8. Safeguarding society and its future
		9. Responsible resource management
		10. Building long-term business partnerships
		11. Addressing stakeholder well-being
		12. Improved reach and accessibility
		13. Data privacy and security
		14. Enabling inclusive, equal opportunity growth
		15. Recognition, rewards and career progression

MATERIALITY ASSESSMENT

INTEGRATED STRATEGY FOR VALUE CREATION

Topic 1	BEST-IN-CLASS LIFE INSURANCE SOLUTIONS AND EXCELLENCE IN CUSTOMER SERVICE	
Importance	To stakeholder - HIGH To company - HIGH	
Change in materiality level	INCREASED Intense competition Innovative product portfolio	
Internal Materiality	Our product portfolio generates premium income which is the main source of our income.	
External Materiality	We provide secure solutions to de-risk policyholders' future amid this challenging environment. This also promotes life insurance in the industry.	
Strategic Pillars	Retaining Market Leadership Building Relationships for Life	
Stakeholder relevance	Policyholder	
SDG relevance	1 3 8	
GRI Relevance	201, 416, 418	

Topic 2	ETHICAL BUSINESS CONDUCT, GOOD GOVERNANCE AND COMPLIANCE	
Importance	To stakeholder - HIGH To company - HIGH	
Change in materiality level	INCREASED <ul style="list-style-type: none"> Changes in laws and regulations Effective new insurance standard SLFRS 17 Importance of "trust" for life insurance business 	
Internal Materiality	Ethical practices and good governance build corporate trust, which is essential in this regulated industry.	
External Materiality	Ethical practices and good governance safeguard customers' interests.	
Strategic Pillars	Building Relationships for Life Delivering Financial Value	
Stakeholder relevance	Policyholders, Regulator, Shareholder Suppliers	
SDG relevance	3 8 10 16	
GRI Relevance	205, 206, 416, 417, 418, 405, 406, 408	

Topic 3	ATTRACT, RECOGNIZE AND INVEST IN EMPLOYEES AND SALES AGENTS	
Importance	To stakeholder - HIGH To company - HIGH	
Change in materiality level	NO CHANGE	
Internal Materiality	Empowering sales agents and employees through a competitive rewards system, training and development generate more revenue.	
External Materiality	We enable capacity and skill building for employees and sales agents, while nurturing opportunities for their own progress and growth.	
Strategic Pillars	Investing in Our People	
Stakeholder relevance	Employees, Sales Agents	
SDG relevance	3 5 8 10	
GRI Relevance	202, 401, 402, 403, 404, 405, 409	

Topic 4	BUILDING BUSINESS AND FINANCIAL RESILIENCE	
Importance	To stakeholder - HIGH To company - HIGH	
Change in materiality level	INCREASED Financial crisis places more importance on financial resilience built over time	
Internal Materiality	Business interruptions could impact company performance and stability.	
External Materiality	Disruptions could impact stakeholder welfare and the company's ability to meet its obligations.	
Strategic Pillars	Delivering Financial Value Retaining Market Leadership	
Stakeholder relevance	Shareholder, Policyholders, Employees, Regulator	
SDG relevance	8 12	
GRI Relevance	201	

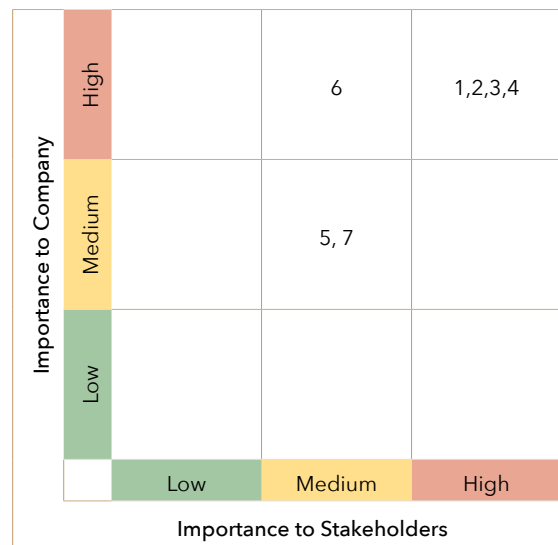
Topic 5 SAFEGUARDING SOCIETY AND ENVIRONMENT	
Importance	To stakeholder - MEDIUM To company - MEDIUM
Change in materiality level	INCREASED <ul style="list-style-type: none"> Independent carbon footprint calculation Raising staff awareness of environmental sustainability
Internal Materiality	When we safeguard society and environment, it enhances our brand reputation and public perception.
External Materiality	Community investments and employment opportunities we offer stimulate societal growth.
Strategic Pillars	Building Relationships for Life Nurturing Our Environment
Stakeholder relevance	Community, Employees, Policyholders
SDG relevance	3 4 6 7 12 13
GRI Relevance	203, 301, 302, 303, 305, 306, 413

Topic 7 TECHNOLOGICAL ADVANCEMENT	
Importance	To stakeholder - MEDIUM To company - MEDIUM
Change in materiality level	NO CHANGE
Internal Materiality	Technological advancements lead to a better customer service and generate cost efficiencies.
External Materiality	Technological advancements promote industry growth and make life insurance more accessible to the public.
Strategic Pillars	Building Relationships for Life Retaining Market Leadership Transforming through Technology
Stakeholder relevance	Policyholders, Suppliers, Actuaries, Reinsurers, Industry Associations
SDG relevance	9 12
GRI Relevance	204

Topic 6 BUILDING LONG-TERM BUSINESS RELATIONSHIPS FOR WIDER MARKET REACH	
Importance	To stakeholder - MEDIUM To company - HIGH
Change in materiality level	INCREASED <ul style="list-style-type: none"> Deployment of new servers IT road map Digitization of business processes and partnerships with external parties
Internal Materiality	Long-term business relationships ensure business continuity.
External Materiality	We support growth and welfare of suppliers and service providers and generate revenue streams for reinsurers and actuaries.
Strategic Pillars	Transforming through Technology Building Relationships for Life Investing in Our People
Stakeholder relevance	Policyholders, Employees, Sales agents
SDG relevance	8 9 12
GRI Relevance	

MATERIALITY MATRIX

Based on the aforementioned assessment, the company mapped out and prioritised its Material Topics as follows:



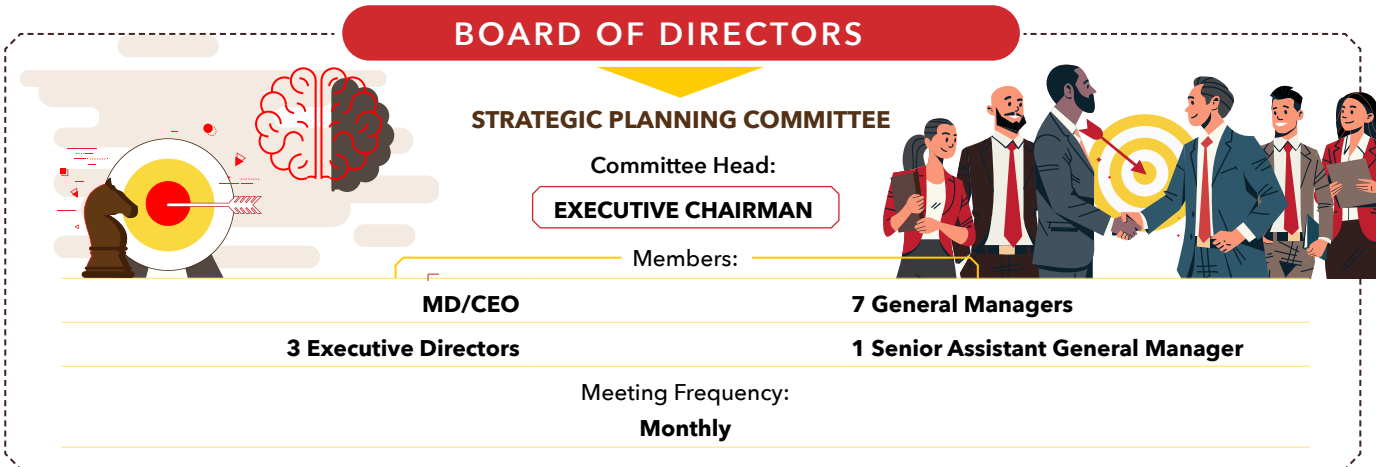
OUR ROAD MAP TO THE FUTURE

STRATEGY AND RESOURCE ALLOCATION

IN ORDER TO REMAIN RESILIENT AND ADAPTIVE IN THE FACE OF ADVERSITY, CEYLINCO LIFE DERIVES ITS STRATEGY BASED ON A COMPREHENSIVE ASSESSMENT OF TRENDS, RISKS, AND OPPORTUNITIES THAT ARE PRESENT WITHIN THE OPERATING ENVIRONMENT, FOLLOWED BY AN UNDERSTANDING OF THE UNDERLYING STAKEHOLDER NEEDS AND EXPECTATIONS. THE STRATEGY OUTLINED WITHIN THIS REPORT PERTAINS TO THE TOPICS THAT ARE DEEMED MATERIAL TO THE ORGANISATION AND ITS STAKEHOLDERS.

STRATEGY GOVERNANCE AND DIRECTION

The Strategic Planning Committee is responsible for determining the organisation’s strategic direction and reports to the Board of Directors. The Committee meets monthly and is headed by the Executive Chairman and comprises a team of Executive Directors including the MD/CEO, General Managers and a Senior Assistant General Manager.



THE STRATEGY PROCESS

The company develops and executes its strategies in line with the process outlined below:

<h1 style="font-size: 2em; margin: 0;">1</h1> <p style="text-align: center;">DETERMINE POSITION</p> <ul style="list-style-type: none"> • Assess market dynamics, risks and opportunities and stakeholder insights. • Analyse our ability to meet these needs via an assessment of strengths, resources and capabilities. 	<h1 style="font-size: 2em; margin: 0;">2</h1> <p style="text-align: center;">DEVELOP STRATEGY</p> <ul style="list-style-type: none"> • Align our Vision, Purpose and key differentiators to previously determined stakeholder needs and operating dynamics and develop strategy. 	<h1 style="font-size: 2em; margin: 0;">3</h1> <p style="text-align: center;">STRATEGIC PLAN</p> <ul style="list-style-type: none"> • Develop objectives for the short, medium and long-term. • Set Key Performance Indicators to track our progress. • Allocate resources for the execution of strategies. 	<h1 style="font-size: 2em; margin: 0;">4</h1> <p style="text-align: center;">MANAGE AND MONITOR PERFORMANCE</p> <ul style="list-style-type: none"> • Communicate strategy across the organisation. • Establish time-frames for progress reviews. • Leverage on core competencies to achieve strengt. • Monitor, adapt and update plans as required.
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DETERMINING OUR POSITION

We firmly believe that strategy cannot be derived by looking within the company alone. The broader direction and scope of strategy arises from responding to changing dynamics identified within the external business environment. Therefore, we strive to understand and respond to global and local current trends and emerging trends that are relevant our business, with a mandate to act on behalf of the stakeholders we serve.



DEVELOPING OUR STRATEGY

When developing strategy, we align our Purpose and goals (what we are do) with our Vision (why we do what we do), and with our Values (who we are striving to serve) and strategy (how we plan to get to where we want to go). We recognise that the process of strategy formulation and implementation is built towards aligning these aspects of our business into a coherent whole.



In line with these principles, we continued to focus on our existing and well-defined 6 Strategic Pillars.

WHAT (Vision)	WHY (Purpose)	WHO (Values)	HOW (Strategy)
To take the message of life insurance and retirement planning to every Sri Lankan and provide protection to every family.	To become the most trusted, acclaimed and progressive life insurance company in Sri Lanka by providing need-based life insurance solutions to our customers,	Policyholders Community	Retaining Market Leadership <i>Pages 88 - 95</i>
	recognising and rewarding our employees,	Employees	Investing in Our People <i>Pages 144 - 161</i>
	creating successful partnerships with stakeholders	Policyholders Business Partners Sales Agents Community	Building Relationships for Life <i>Pages 96 - 124</i>
	and ensuring sustainable business practices	Policyholders Employees Environment	Transforming through Technology <i>Pages 125 - 132</i>
	for sustainable, responsible and profitable growth,	Policyholders Investors Reinsurers Actuaries Regulators	Delivering Financial Value <i>Pages 68 - 87</i>
	while leaving a smaller carbon footprint on the planet.	Environment	Nurturing our Environment <i>Pages 133 - 143</i>






As evidenced above, these Strategic Pillars enable us to derisk lives and livelihoods and realise our Vision.

This framework and our continuing commitment to creating value under these Pillars lie at the heart of our 30+ years of consecutive success as Sri Lanka's leading life insurer.

STRATEGY AND RESOURCE ALLOCATION

PLANNING, IMPLEMENTING AND MONITORING OUR STRATEGY




Our key objectives for the short, medium and long term are determined by the Strategic Planning Committee, together with the respective heads of departments. These objectives are set out in the table below, as well as performance against the respective indicators for the year under review.

Strategic Pillars		2022 Outlook	
	Objectives	Investment	Achievements
 <p>Delivering Financial Value (Page 68 - 87)</p>	<ul style="list-style-type: none"> GWP growth - 15%+ ROE - 15%+ Life Fund Growth - 10%+ Capital Adequacy Ratio - maintain above 200% 	Operating Cash Flows - Rs. 13.72 Bn FUTURE RESOURCE ALLOCATION expected to grow at 14%	<ul style="list-style-type: none"> GWP growth - 14.6% ROE - 15.5% Life Fund Growth 12.8% Capital Adequacy Ratio - 298%
 <p>Retaining Market Leadership (Page 88 - 95)</p>	<ul style="list-style-type: none"> Retain market leadership Top of mind (ToM) awareness - 40% Further establish the corporate brand's new messaging - "De-risking your ambitions" To be the best in terms of customer service in the industry 	Investment in advertising and brand building - Rs. 320 Mn FUTURE RESOURCE ALLOCATION expected to grow at 16%	<ul style="list-style-type: none"> Market leader for the 19th consecutive year ToM awareness - 49% Considered a strong brand with a brand equity rating of 4.0 Best Service Brand of the Year 2022
 <p>Building Relationships for Life Managing Policyholder Relationships (Page 98 - 109)</p>	<ul style="list-style-type: none"> Improve convenience to customers through digital touch points 	Cost of running customer service, call center, alternate channels - Rs. 25.4 Mn FUTURE RESOURCE ALLOCATION expected to grow at 35%	<ul style="list-style-type: none"> Improvements in CeyLife Digital App
<p>Empowering our Sales Agents (Page 114 - 119)</p>	<ul style="list-style-type: none"> Digitalization of sales force Improve professionalism of sales force Increase man power 	Investment in Sales Agents and their empowerment - Rs. 2.1 Bn FUTURE RESOURCE ALLOCATION expected to grow at 12%	<ul style="list-style-type: none"> Digitalized 77% of sales force Average training hours per sales agent - 24 per annum 2,868 sales agents
<p>Collaborating with Business Partners and Suppliers (Page 120 - 124)</p>	Support for working capital management	Payments to Business Partners - Rs. 3.3 Bn FUTURE RESOURCE ALLOCATION expected to grow at 8%	<ul style="list-style-type: none"> Settled 75% of invoices within 7 working days Payment notifications over SMS and email Procurement of materials for suppliers to assist their working capital

Allocation of resources for each Strategic Pillar occurs via an annual financial planning process, which takes into consideration the priority areas for action in any given year. They further take into account the various functional areas pertinent to executing the strategic agenda. Certain priority areas span multiple functional boundaries and imperatives, and seamless collaboration takes place through the coordination at the top managerial level.

Future Outlook		
Short Term Target (Next Year)	Medium Term View (Next 2-3 years)	Long Term Vision (Beyond Next 3 years)
<ul style="list-style-type: none"> • GWP growth - 14%+ • ROE - 15%+ • Life Fund Growth - 12%+ • Capital Adequacy Ratio - maintain above 200% 	<ul style="list-style-type: none"> • GWP growth - 20%+ • ROE - 15%+ • Life Fund Growth - 15%+ • Capital Adequacy Ratio - maintain above 200% • Transition into SLFRS 17 and SLFRS 9 	<ul style="list-style-type: none"> • Increase penetration in the core life insurance segment to stimulate premium growth • Balancing the product mix to achieve higher CSM under SLFRS 17 • Re-engineering financial processes to optimize expenses • Capital Adequacy Ratio - maintain above 200%
<ul style="list-style-type: none"> • Market leader for the 20th consecutive year • Maintain ToM at above 40% • More focus on health insurance plans • Maintain best customer service in the industry 	<ul style="list-style-type: none"> • Increase penetration in the core life insurance segment • To increase the number of new customers by 10% • Maintain best customer service in the industry 	<ul style="list-style-type: none"> • Grow market share up to 25% while retaining market leadership • Develop alternative channels • Promote customer convenience by digitizing the customer journey • Increase the attachment of additional benefits such as medical riders by 10% • Maintain best customer service in the industry
<ul style="list-style-type: none"> • Obtain customer feedback from over 40% of the base 	<ul style="list-style-type: none"> • Increase social media presence • Introduce new customer apps 	<ul style="list-style-type: none"> • Use AI and data analytics to improve customer service
<ul style="list-style-type: none"> • Digitalize 85% of sales force • Average training hours per sales agent - 30 per annum • Increase man power by 10% 	<ul style="list-style-type: none"> • Digitalize 90% of sales force • Average training hours per sales agent - 35 per annum • Increase man power by 5% 	<ul style="list-style-type: none"> • Maintain sales force digitalization at least 95% • Maintain average training hours per sales agent at 40 • Increase man power by 5%
<ul style="list-style-type: none"> • Assist suppliers to transform into digital platform • Expansion of regional suppliers 	<ul style="list-style-type: none"> • Screening suppliers on socio-environmental criteria • Lowering carbon footprint in supply chain • Expand industry/professional memberships 	<ul style="list-style-type: none"> • Assistance to develop small-scale suppliers into medium scale

STRATEGY AND RESOURCE ALLOCATION

Strategic Pillars		2022 Outlook	
	Objectives	Investment	Achievements
	<ul style="list-style-type: none"> Conduct 12 Waidya Hamuwa health camps and maintain the donated 5 HDUs 	Rs. 5.5 Mn FUTURE RESOURCE ALLOCATION expected to grow at 5%	<ul style="list-style-type: none"> Conducted 7 health camps benefitting 1,360 participants Supported the 5 HDUs previously donated to treat over 1,600 lives
	<ul style="list-style-type: none"> Complete 3 classrooms and maintain previously constructed classrooms 		<ul style="list-style-type: none"> Constructed 2 classrooms Refurbished 8 previously donated classrooms
 <p>Transforming through Technology (Page 125 - 132)</p>	<ul style="list-style-type: none"> Proposals through e-submission - 100% Referral app for lead generation Improve cyber security platforms to ensure data security 	Investment in upgrading digital infrastructure, license fees, maintenance fees, Rs. 255 Mn. FUTURE RESOURCE ALLOCATION expected to grow at 40%	<ul style="list-style-type: none"> 96% of all new businesses took place electronically Conversion into SMS temporary receipts
 <p>Nurturing the Environment (Page 133 - 143)</p>	<ul style="list-style-type: none"> Reduction in electricity consumption - 10% Reduction in carbon footprint - 10% Proposals through e-submissions to reduce paper in insurance proposals - 100% Green buildings - 2 buildings 	Investment in Green Initiatives - Rs. 47 Mn FUTURE RESOURCE ALLOCATION expected to grow at 25%	<ul style="list-style-type: none"> Reduction in electricity consumption - 26% Reduction in carbon footprint - 17% Proposals through e-submissions to reduce paper in insurance proposals - 96% 5 buildings converted into green buildings
 <p>Investing in Our People (Page 144 - 161)</p>	<ul style="list-style-type: none"> Digitalization of 90% of HR functions Supporting mental and physical health - a minimum of 4 hours of training per employee Increase innovative employee ideas by 50% 	Investment in Human Resource initiatives - Rs. 2.8 Bn FUTURE RESOURCE ALLOCATION expected to grow at 12%	<ul style="list-style-type: none"> Certified as a Great Place to Work 752 employees 89% retention rate 30 training hours per employee

Future Outlook

Short Term Target (Next Year)	Medium Term View (Next 2-3 years)	Long Term Vision (Beyond Next 3 years)
<ul style="list-style-type: none"> • Conduct 8 health camps • Supporting extension of oxygen pipeline project to the Matale District Hospital 	<ul style="list-style-type: none"> • Support 2 regional hospitals to refurbish and re-equip emergency treatment units 	<ul style="list-style-type: none"> • Formulate a comprehensive plan to strengthen regional state hospitals in order to treat patients with critical needs
<ul style="list-style-type: none"> • Construct 3 classrooms • Support 10 previously donated classrooms with refurbishments 	<ul style="list-style-type: none"> • Construct up to the 95th classroom • Support to set up a vegetable garden in school premises. 	<ul style="list-style-type: none"> • Construct up to the 110th classroom • Set up company-maintained smart classrooms in under-privileged areas
<ul style="list-style-type: none"> • Conversion of all receipting into digital platform 	<ul style="list-style-type: none"> • Grow annual sales of online plans up to 50,000 policies • Direct integration of social media with CRM system • Compliance with Personal Data Protection Act • Empower staff with proper tools to drive productivity 	<ul style="list-style-type: none"> • Transition into technological leadership in the industry • Adoption of best-in-class enterprise data and IT protection infrastructure • Paper-less work environment
<ul style="list-style-type: none"> • Reduce carbon footprint by 5% • Proposals through e-submissions to reduce paper in insurance proposals - 96% 	<ul style="list-style-type: none"> • Conversion into R-410 air conditioners • Green buildings - 2 buildings per year • All solar projects to be registered to obtain carbon credits for offsetting • Reduce carbon footprint by 5% • Replace generators with battery back-up systems 	<ul style="list-style-type: none"> • Sustainable business expansion and development • Responsible resource management and disposal • Conversion into a plastic & polythene free workplace • Replace generators with battery back-up systems
<ul style="list-style-type: none"> • Focus on employee retention and job security considering the ongoing financial crisis • Implementation of a robust succession planning process for the Assistant Manager grade and above 	<ul style="list-style-type: none"> • Improving digital/technological literacy of the workforce • Minimum of 15 hours of training per employee • Alignment of existing HR policies to improve diversity, inclusion and pluralism • Continuing to be certified as a Great Place to Work - rank among the Best 10 in the sector 	<ul style="list-style-type: none"> • Become the most sought-after employer • Fill 90% of Assistant Manager vacancies through existing talent • Continuing to be certified as a Great Place to Work - rank among the Overall Best 40

STRATEGY AND RESOURCE ALLOCATION

CAPITAL TRADE-OFFS

In utilising and deploying its capitals across its Strategic Pillars, Ceylinco Life contributes towards enhancing the other capitals within its control. The tables set out below our capital trade-offs during the year.



Priority Areas						
1. Delivering Financial Value						
Steady & Consistent Returns	+	+	+	+	+	+
Smart & Prudent Investments	Build financial strength	Improve resource allocation for branch expansion	Build the confidence of shareholder, policyholders and regulators	Generation of employment opportunities, training, and development	Strengthen the brand value and technical know-how	Improve resource allocation for eco-friendly initiatives
Compliance and Accurate Disclosures						
2. Investing in Our People						
Training and Development Opportunities	-	●	+	+	+	+
Employee Engagement and Effective Communication	Spending on training		Improve customer service	Add to professionalism	Build technical know-how	Improve "eco-consciousness"
Career Advancement and Succession Planning	+					
	Improve efficiency and productivity which reduce costs					
Competitive Benefits, Remuneration and Employee Welfare	-	●	-	-	-	●
Diversity, Inclusion and Ethical Practices	Spending on benefits and rewards		Improve customer service	Build employee motivation	Reputational gain as most sought-after employer in the industry	
Workplace Flexibility and Digital Transformation						
Employee Health and Well-being						
3. Transforming through Technology						
Improving Organisation-wide Efficiency	-	●	+	+	+	+
E-submission of proposals	Capital investment		Improve customer service and reduced processing times	Improve digital skills	Reputational gain as a tech leader and innovator	Saving in paper consumption
Temporary receipts through SMS	+					
	Reducing costs over long term					
Enabling Seamless Operations and Accessibility	+	●	+	+	+	+
	Explore new revenue streams		Improve customer service and reduced processing times	Improve digital skills	Reputational gain as a tech leader and innovator	Saving in resource utilization
	+					
	Reducing costs over long term					
Enhancing Security and Good Governance	+	●	+	+	+	+
	Cost of IT and data security investments		Increased confidence of stakeholders	Increased confidence of staff	Reputational gain as an ethical organisation	Increased environmental consciousness











Positive Impact Negative Impact Neutral Impact









INTEGRATED STRATEGY FOR VALUE CREATION


Priority Areas						
4. Policyholders						
Supporting Customer Needs Customer Privacy and Data Security Ethical, Responsible Business Operations	Generating premium income		Improved policyholder satisfaction		Reputational gain as an ethical insurer	Improve eco-consciousness
5. Building Relationships for Life						
Sales Agents Training and Development Digital Empowerment	Spending on training and digitalisation Improve efficiency and productivity which reduce costs		Improve customer service	Add to professionalism	Build technical know-how	Improve "eco-consciousness" Improve eco-consciousness
Sales Agents Engagement, Growth & Progress	Spending on benefits and rewards		Improve customer service	Build motivation	Reputational gains as most sought-after employer in the industry	
Community Protection, health and well-being Quality education	Spending on CSR		Improve relationships with community	Build employees' sense of belongingness to community	Build corporate image as a responsible citizen	
Suppliers Resource Optimisation and Flexible Policies Quality Assurance and Best Sourcing Practices	Payments for services		Improve relationships with suppliers		Build corporate image as a responsible citizen	Screening suppliers for eco-compliance
6. Nurturing the Environment						
Sustainable Business Expansion and Development Construction of green branches	Cost of investment	Expand geographical reach	New job opportunities New business opportunities for suppliers		Build corporate image as a responsible citizen	Lower resource utilization and lower waste
Integrating Responsible Resource Management Practices Use of solar energy Rainwater harvesting Other eco-friendly initiatives	Cost of investment		New business opportunities for suppliers		Build corporate image as a responsible citizen	Lower resource utilization and lower waste

STRATEGY AND RESOURCE ALLOCATION

The following table provides a snapshot of the priority areas for the investment of resources. Details regarding these investments and the degree of performance and the outcomes against these investments are described in great detail in the strategic drivers set out in pages 68 to 161 of this report.

	 Delivering Financial Value	 Retaining Market Leadership	 Building Relationships for Life	 Transforming through Technology	 Nurturing Our Environment	 Investing in our People
 FINANCIAL CAPITAL	Contribution of taxes - Rs. 3.7Bn	Investment in new branches opened in 2021 - Rs. 125 Mn	Investment in policyholder engagement activities - Rs. 320 Mn Investment in Sales Agents engagement activities - Rs. 57 Mn	Investment in IT infrastructure - Rs. 255 Mn	Investing in solar for our branch network - Rs. 15 Mn Investment in other green initiatives - Rs. 32 Mn	Employee remuneration of Rs. 2.8 Bn Investment in training & development - Rs. 6.5 Mn
 MANUFACTURED CAPITAL	Investment in new branches Investment in online channels	Enhanced geographical penetration. Robust platform of digital capabilities.	Enhancing connectivity with key stakeholders through physical and digital reach.	Advanced end-to-end digital infrastructure which makes business processes simple and frictionless.	Building a network of green branches	
 SOCIAL & RELATIONSHIP CAPITAL	Consistent bonus for policyholders. Timely payment of claims	Trust and stability of a reliable insurance partner.	Strong relationships with over 1 Mn policyholders. Consistent relationships with agents and business partners.	Specialized IT capabilities which facilitate customer service excellence and speedy service.	Creating awareness on green initiatives across our organization.	Maintaining cordial relationships and open communication across the team. Building team spirit with engagement activities
 HUMAN CAPITAL	Stable employer who supports the career development and progress of employees.	A team that delivers superior customer service in keeping with the values of the Company.	Values, skills and knowledge of 752 staff members	Enhanced digital capabilities of team. Use of RPA and process automation systems enhance efficiency to levels. Driving digital engagement activities among the team.	Creating a culture of environmental sustainability.	Building competencies, values and promoting a high-performance culture

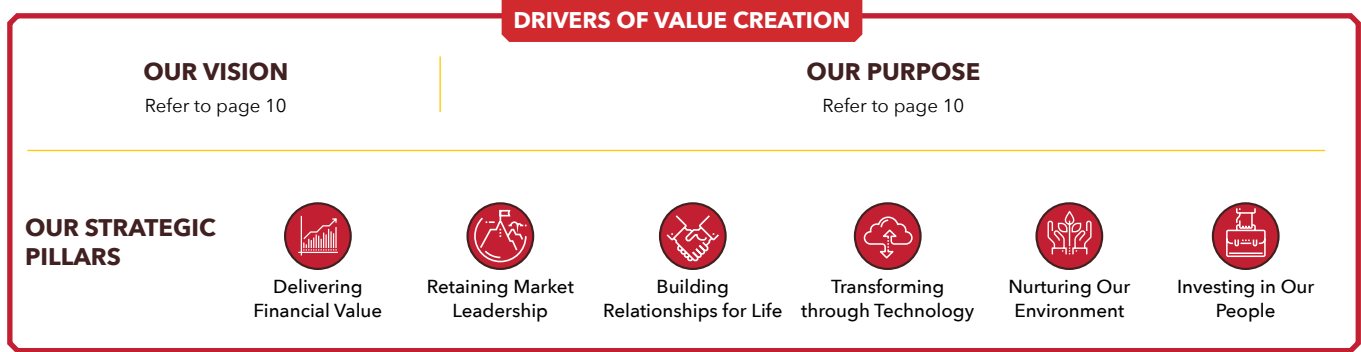
	 Delivering Financial Value	 Retaining Market Leadership	 Building Relationships for Life	 Transforming through Technology	 Nurturing Our Environment	 Investing in our People
 NATURAL CAPITAL	<p>Significant investment in building a sustainable business.</p>	<p>A Company driven by a strong environmental conscious mandate that demonstrates commitment to the environment and community.</p>	<p>Safeguarding resources for future generations.</p>	<p>Digitization has introduced savings in paper usage.</p> <p>Online meetings have reduced the need to travel.</p>	<p>Reducing and managing resources in a conscious manner.</p>	<p>Creating an environmentally conscious team who values nurture sustainability as a way of life.</p>
 INTELLECTUAL CAPITAL	<p>Strength of the Ceylinco Life brand recognized among the Top Brands of Sri Lanka.</p> <p>Brand value of Rs. 3.8 Bn</p> <p>Recognitions on local and international platforms for financial strength, excellence and growth.</p>	<p>Utilization of natural resources in a responsible and optimum manner in delivering client experience.</p>	<p>Unique processes and brands that drive excellence in customer service</p>	<p>Enhanced IT acumen across the Company from the Board, team and sales force.</p>	<p>Unique systems, processes and knowledge accumulated over the years, deployed to minimize our footprint.</p>	<p>A team which is aligned with the best practices and values propagated by the Company.</p>



We have demonstrated a spirit of resilience and tenacity to evolve in the face of disruption. By adapting with speed, intensity of impact our approach has been steadfast and unwavering. By staying agile whilst reflecting on our philosophy of growing responsibly we believe in growing together by ensuring a sustainable future.

UNWAVERING, STEADFAST VALUE CREATION

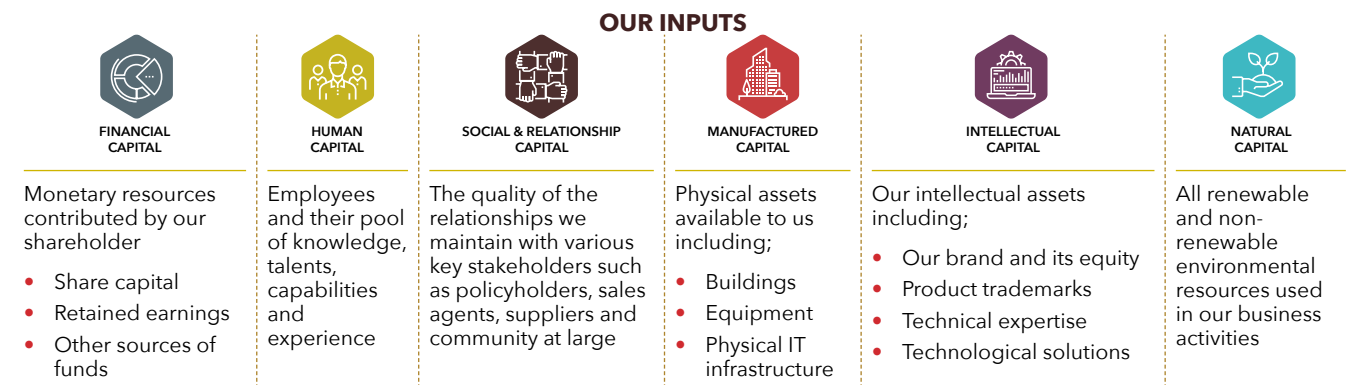
Ceylinco Life's value creation is based on optimal utilisation of its resources in its business activities to generate sustainable value for its stakeholders. The overarching objective of our business model is to enable us to achieve our Vision and Purpose, while delivering positive impacts on people, profit and planet.



HOW WE CREATE VALUE:

Our value creation model comprises resource inputs, our business activities and the outputs that impact sustainable development and our wide-ranging stakeholder groups.

We rely on our tangible and intangible resources as the primary inputs to our business process. They are defined and measured in the form of six capitals, which undergo transformation with the support of our overall business processes and strategies, and re-emerge in the form of outputs during the year. Our value creation process builds a positive cycle of financial security, stakeholder confidence and balanced performance for our stakeholders, thereby enabling long-term trust and sustainable value.



OUR VALUE CREATION PROCESS

At the heart of value creation lie our business activities – comprising core business activities and support activities that enable us to achieve our Strategic Pillars. These in turn enable outputs in the form of unmatched products, process efficiencies, resource efficiencies and the cost efficiencies that benefit our stakeholders.



VALUE CREATION



INTEGRATED STRATEGY FOR VALUE CREATION

Business Activities	Strategic Pillars	How it Creates Value	Impacted Capitals	Impacted Stakeholders
Product Development, Sales and Marketing	Retaining Market Leadership	<ul style="list-style-type: none"> • Solid protection to customer at reasonable premium • Generates sales and premium income and stimulate market growth • Conformance of the product with regulatory requirements • Generates commission income for sales agents 		Policyholders Sales agents Actuaries Regulators
Underwriting, policy servicing, claims processing and customer service	Building Relationships for Life	<ul style="list-style-type: none"> • Better underwriting results improve financial performance • Better serving of policyholder needs and claims 		Policyholders
Reinsurance	Building Relationships for Life	<ul style="list-style-type: none"> • Financial back-up for risks beyond retention levels • Revenue for reinsurers • Additional comfort for claim settlement 		Reinsurers Policyholders
Investment and finance	Delivering Financial Value	<ul style="list-style-type: none"> • Prudent investments generate safer returns • Builds economic sustainability • Better financial results get distributed to many stakeholders (e.g., policyholders, shareholders, employees etc.) • Compliance with regulatory requirements and financial reporting requirements 		Policyholders Shareholders Employees Regulators
Capital management	Delivering Financial Value	<ul style="list-style-type: none"> • Capital and reserves help absorb unexpected losses • Builds financial stability • Compliance with regulatory and reporting requirements • Optimum level of liquidity 		Policyholders Shareholders Regulators
Agency administration and training	Building Relationships for Life	<ul style="list-style-type: none"> • Builds skills and knowledge of sales force • Satisfaction of sales force results in better customer service and customer satisfaction 		Policyholders Sales agents
Human resource management	Investing in Our People	<ul style="list-style-type: none"> • Employee motivation and satisfaction • Builds skills and knowledge of our staff • Improves corporate image as an employer of choice • Generation of employment opportunities 		Employees Regulators Community
Information systems and security	Transforming through Technology	<ul style="list-style-type: none"> • Provides a secure IT infrastructure for operations • Data security • Improves efficiency and productivity 		Policyholders Sales Agents Employees
Constructions and facilities management	Nurturing our Environment	<ul style="list-style-type: none"> • Expands our geographical reach • Maintains utilities required to run our operations • Generates income for suppliers and service providers • Supports sustainability initiatives 		Policyholders Sales Agents Employees Community

Core Activity

Support Activity

OUR OUTCOMES

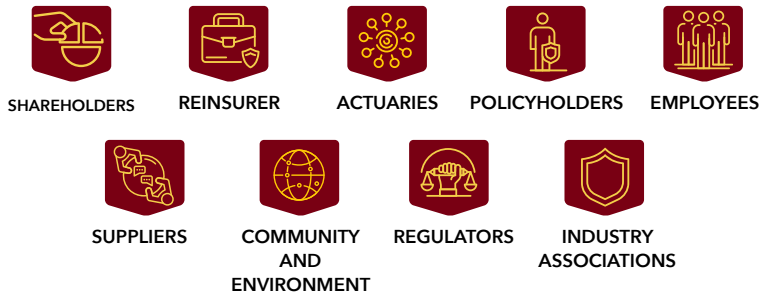
Our outcomes are the capitals we enhanced through our business activities which in turn help us achieve positive internal and external impacts.

 FINANCIAL CAPITAL	 HUMAN CAPITAL	 SOCIAL & RELATIONSHIP CAPITAL	 MANUFACTURED CAPITAL	 INTELLECTUAL CAPITAL	 NATURAL CAPITAL
<p>The ability to pay dividends to shareholders and to build up reserves to pursue growth strategies</p>	<p>Enables unmatched service for policyholders, improved efficiencies, ethical conduct and the achievement of business strategy</p>	<p>Creates mutual value. Policyholders receive financial security and well-being, while enabling top-line business growth.</p> <p>Sales agents receive progress and rewards while improving market share</p>	<p>Enables business expansion, infrastructure development and the smooth functionality of operations</p>	<p>Enhancing process efficiency and productivity, while improving market value and elevated levels of deriving customer convenience</p>	<p>Sustaining resources for future use, enables our business to function seamlessly and cost-effectively</p>

OUR IMPACTS

The company's value is translated into impacts which create tangible value for our stakeholders. These impacts could potentially comprise positive or negative consequences stemming from our business activities. Further, these impacts also contribute to the United Nations Sustainable Development Goals

IMPACTING OUR STAKEHOLDERS



OUR CONTRIBUTION TOWARDS SDGs



GENERATING SUSTAINABLE VALUE

INTEGRATED STRATEGY FOR VALUE CREATION

What Drives Us: ▶

VISION, PURPOSE AND VALUES

Refer page 10

OUR OPERATING ENVIRONMENT

Refer page 18 to 23

OUR INPUTS: Refer page 61 for more details on our capitals.



FINANCIAL CAPITAL

Shareholders' Equity - **Rs. 44 Bn**
Total Assets - **Rs. 174 Bn**



MANUFACTURED CAPITAL

Property, Plant and Equipment - **Rs. 10 Bn**
Number of branches - **135**
Number of customer touchpoints - **12**



SOCIAL & RELATIONSHIP CAPITAL

Investment in community - **Rs. 2.64 Mn**
Continued stakeholder confidence
97% local and **3%** international procurement



HUMAN CAPITAL

Investment in training - **Rs. 6.5 Mn**
Experience and diverse leadership team
Number of employees - **752**



NATURAL CAPITAL

Investment in green buildings - **Rs. 21 Mn**
Investment in green initiatives - **Rs. 26 Mn**
Water consumption - **22,540 units**
Electricity consumption - **1,465 Mwh**



INTELLECTUAL CAPITAL

Brand Equity - **Rs. 3.8 Mn**
Investment in Technology - **Rs. 118 Mn**
Values driven performance led Company culture

7 Material Topics	Sustainable Business Operations	1
	Protecting and Safeguarding a Nation	3

INNOVATION

STRATEGIC PILLARS



NURTURING OUR ENVIRONMENT

Pages 133 - 143



TRANSFORMING THROUGH TECHNOLOGY

Pages 125 - 132



INVESTING IN OUR PEOPLE

Pages 144 - 161

Support

CORE ACTIVITIES

PROCESS IMPROVEMENTS



What Governs Us: ▶

STRONG GOVERNANCE STRUCTURES

Refer page 182 to 183

PROACTIVE RISK MANAGEMENT

Refer page 197 to 205



STAKEHOLDER NEEDS AND CONCERNS

Refer page 38 to 46

- 2** Building Customer Loyalty and Trust
- 4** Enabling Stakeholder Growth and Progress

OUR OUTPUTS:

OUR OUTCOMES:

Unmatched Products and Services

Life plans

Retirement plans

Endowment plans

Group Life Plans

Decreasing term assurance plans

Micro insurance plans

Distributing Steady Returns

Return on Equity - **15.45%**
Return on Assets - **3.98%**
Dividends per share - **Rs 18.25**
Taxes Paid - **Rs. 3.1 Bn**

Expanding Our Reach

Number of Online Channels - **7**
Number of New Branches - **2**

Strengthening our Partnerships

Claims Settled - **Rs. 18.9 Bn**
Average Training Hours per Agent - **24**
Payments to Suppliers - **Rs. 3.5 Bn**

Lives Impacted through CSR - **1800+**

Caring for our People

Rewards and Remuneration - **Rs. 2.8 Bn**
Number of Promotions - **159**
Female Recruits - **59%**
Workplace-Related Injuries - **Nil**

Sustaining our Surroundings

Carbon Footprint Reduction - **17%**
Solar Energy Generated - **790 Mwh**
Paper Recycled - **44,388 Kg**

Driving Innovation and Knowledge

Innovative technologies - **80**
New Products Developed - **1**

IMPACTED STAKEHOLDERS AND SDGs



Shareholders, Government



Policyholders



Policyholders, Suppliers, Regulators, Reinsurers, Actuaries, Sales Agents, Industry Associations, Community



Employees



Environment



Policyholders, Employees

COST EFFICIENCIES

DELIVERING FINANCIAL VALUE

Pages 68 - 87

BUILDING RELATIONSHIPS FOR LIFE

Pages 96 - 124

RETAINING MARKET LEADERSHIP

Pages 88 - 95

PRUDENT RESOURCE MANAGEMENT

Impact on value: Positive Impact Value Preserved Negative Impact

A SUSTAINABLE APPROACH

Refer page 32 to 37

REGULATORY FRAMEWORKS

Refer page 21 to 23

GENERATING SUSTAINABLE VALUE

KEY VALUE INDICATORS

RETAINING MARKET LEADERSHIP

	Measure	2019	2020	2021	2022	Change
Market share	%	21.1	21.4	20.5	21.4	4%
Brand value	Rs. Bn	3.7	3.6	3.5	3.8	9%
Top-of-the mind recall	%	43	42	48	49	2%

INVESTING IN OUR PEOPLE

	MEASURE	2019	2020	2021	2022	CHANGE
No. of employees	Count	844	814	795	752	-5%
New employees	Count	37	42	54	46	-15%
Promotions	Count	181	99	139	159	14%
Female representation in workforce	%	19.2	18.8	19.5	19.7	1%
Training per employee	Hours	18.5	6.5	14.7	19.1	30%
Salaries, bonus & incentives	Rs. Bn	1.7	1.7	1.8	1.9	6%
EPF contribution	Rs. Mn	110	110	115	123	7%
ETF contribution	Rs. Mn	28	29	28	31	11%
Gratuity liability*	Rs. Bn	1.2	1.4	1.2	0.9	-28%
Pension liability*	Rs. Mn	724	774	838	249	-70%
Employee turnover	Count	56	71	80	89	11%
Employee turnover ratio	%	7	9	10	12	18%

*Reason for the drop in gratuity and pension liabilities in 2022 is due to the sharp increase in discount rates in the context of the ongoing financial crisis in Sri Lanka.

BUILDING RELATIONSHIPS FOR LIFE

POLICYHOLDERS		Measure	2019	2020	2021	2022	Change
Individual Life	Policies in force	Count	884,139	865,562	870,519	851,121	-2%
	New policies	Count	109,901	108,866	115,868	96,163	-17%
Decreasing Term Assurance (DTA)	Policies in force	Count	102,867	126,601	167,792	195,015	16%
	New policies	Count	37,414	31,690	41,191	57,279	39%
Group Term	Policies in force	Count	271	338	362	332	-8%
	New policies	Count	111	119	109	138	27%
Maturity claims paid		Rs. Bn	6.9	8.6	8.2	12.5	52%
Death claims paid		Rs. Mn	417	725	1,364	1,211	-11%
Total claims and benefits paid		Rs. Bn	10.8	12.5	13.0	19.2	48%
Customer complaints acknowledged within one day		Count	100%	100%	100%	100%	0%
Customer complaints against active policy count		%	0.16	0.13	0.11	0.05	-55%
Maturity claims paid within one day		%	100	100	100	100	-
No. of complaints on customer data privacy		Count	Nil	Nil	Nil	Nil	-

COMMUNITY	Measure	2019	2020	2021	2022	Change
Classroom development projects						
No. of classrooms	Count	7	2	-	2	100%
No. of beneficiaries	Count	2,616	449	-	449	100%
Waidya Hamuwa health camps						
No. of health camps	Count	12	-	-	7	100%
No. of beneficiaries	Count	3,042	-	-	1,360	100%
High Dependency Units (HDU)						
No. of HDUs set up	Count	1	-	-	-	0%
No. of HDUs maintained	Count	4	5	5	5	0%
Taxes paid*	Rs. Mn	1,496	1,787	1,566	3,112	99%
Payments to suppliers	Rs. Mn	1,219	2,017	1,874	1,263	-33%

*Reason for the sharp increase in taxes paid in 2022 is due to the Surcharge Tax of Rs. 1.7 Bn paid during the year.

SALES AGENTS	Measure	2019	2020	2021	2022	Change
No. of sales agents	Count	3,467	4,084	3,583	2,868	-20%
New sales agents	Count	1,906	2,095	1,755	1,001	-43%
Number of MDRT qualifiers	Count	55	135	161	161	0%
Female representation in agency force	%	52	49	51	51	0%
Commissions paid	Rs. Bn	1.9	2.1	2.4	2.1	-13%

TRANSFORMING THROUGH TECHNOLOGY

	Measure	2019	2020	2021	2022	Change
Intangible assets	Rs. Mn	373	99	296	318	7%
Premium income from online plans	Rs. Mn	4.1	17.4	34.4	25.4	-26%
Digital proposal submission - Individual Life	%	0.1	3.4	52.3	96.2	84%
Digital proposals issued - Life	Count	-	-	35,555	49,367	39%
Digital proposals issued - Non-life	Count	-	-	9,432	17,986	91%

NURTURING OUR ENVIRONMENT

	Measure	2019	2020	2021	2022	Change
Electricity consumption	Mwh	2,283	2,050	1,986	1,465	-26%
Fuel consumption	Litres	275,505	266,450	289,473	176,645	-39%
Water consumption	Units	26,000	26,292	26,244	22,540	-14%
Paper recycled	Kg	17,086	5,678	21,297	44,388	108%
Water recycled	Litres	700,000	1,003,200	844,800	1,056,000	25%
E-waste recycled	Kg	-	990	745	705	-5%
Solar generation	Mwh	-	445	629	790	26%
Investments in solar energy	Rs. Mn	17.3	15.6	13.6	28.1	107%
GHG emissions	tCO ₂ e	1,507	3,677	4,105	3,407	-17%
Environmental fines	Rs. Mn	Nil	Nil	Nil	Nil	0%

REALIGNING OUR STEADFAST APPROACH TO DELIVERING FINANCIAL VALUE

MATERIAL TOPICS

2, 4

DELIVERING STRONG, CONSISTENT RETURNS AND ENSURING LONG-TERM STABILITY HAVE LONG BEEN THE CORNERSTONES OF OUR SUCCESS AS AN INSURANCE PROVIDER. OUR ABILITY TO MEET STAKEHOLDER NEEDS IN A SUSTAINABLE MANNER DEPENDS LARGELY ON THE PRUDENT MANAGEMENT OF OUR FINANCES, WHICH MANIFESTS ACROSS ALL STRATEGIC PILLARS AND BUSINESS UNITS.

OUR STRATEGIC IMPERATIVES

Key Dynamics

- The macroeconomic environment remained characterised by socio-political uncertainty and volatile conditions
- A constrained growth environment arising from reduced consumer spending following the onset of the economic crisis
- Escalating costs of goods and services in the wake of the economic crisis

Emerging Needs

- A continued need for stability, good governance and the assurance of business continuity
- A focus on flexible policies and adaptive strategies to address changing consumer dynamics
- A greater need for efficiency and cost rationalisation to improve bottom-line performance

Our Strategy

- Seeking new avenues of growth and adapting to change
- Relying on sustainable, stable, long-term investments
- Complying with industry standards and best practices

Priority Areas for 2022

- RI** Steady, Consistent Returns
- RI** Smart, Prudent Investments
- RU** Compliance and Accurate Disclosures

RI Ranking increased **RD** Ranking decreased **RU** Ranking unchanged **M** Modified/new focus area

DESIRED DESTINATION

To rely on our financial acumen to extend long-term, sustainable value to our shareholders while protecting the interests of our policyholders.

PROGRESS IN 2022

Rs. 29.2 Bn Gross Written Premium (2021: Rs. 25.6 Bn)	Rs. 19 Bn Gross claims and benefits paid (2021: Rs. 13 Bn)	Rs. 19.3Bn Investment Income (2021: Rs. 14.3 Bn)	Rs. 7.6 Bn Profit after tax (2021: Rs. 6.8 Bn)
Rs. 10.5 Bn EBITDA (2021: Rs. 9.1 Bn)	Rs. 191.5 Bn Total assets (2021: Rs. 173.8 Bn)	Rs. 134.9 Bn Life fund (2021: Rs. 119.6 Bn)	Rs. 49.4 Bn Total Equity (2021: Rs. 44.2 Bn)

Impacted SDGs:



Impacted Capitals:

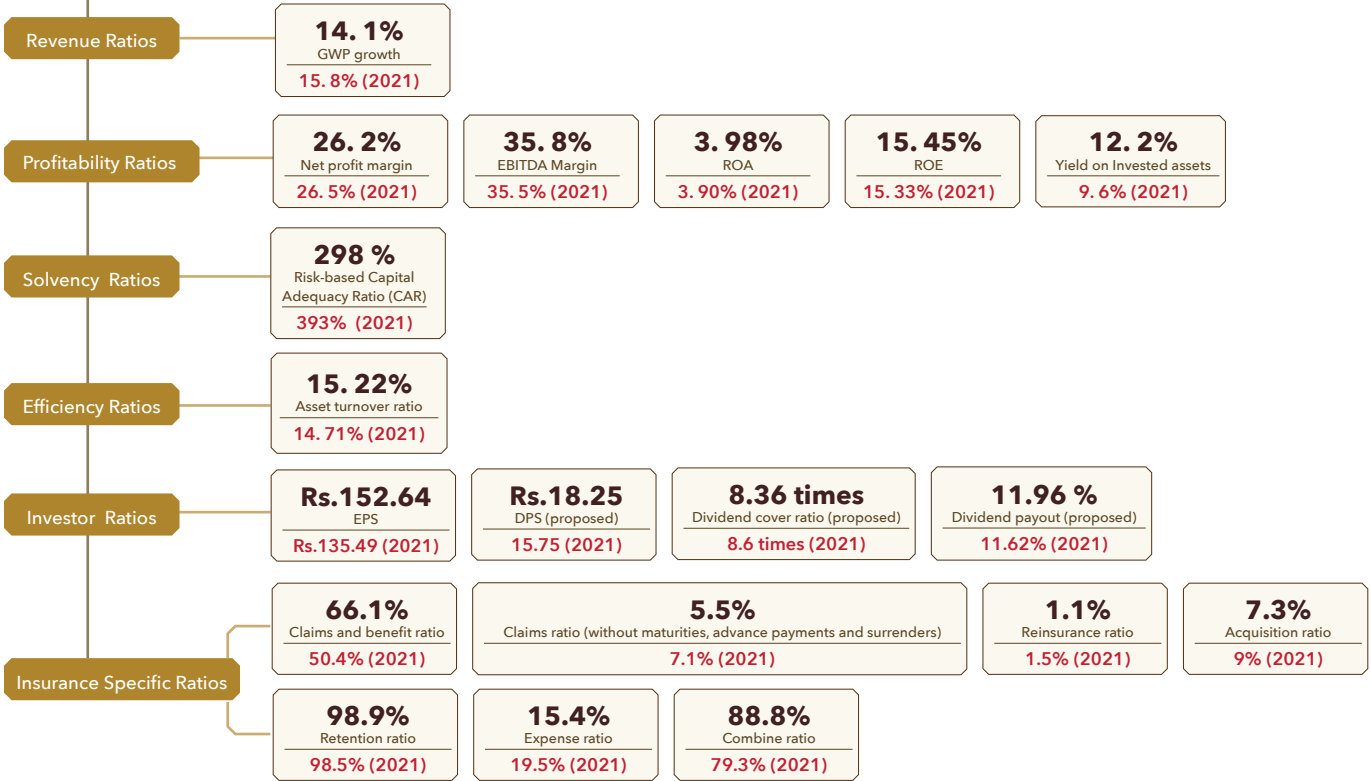


“Ceylinco life has demonstrated strength and resilience amidst the economic, social, and political instability experienced. The Company has accelerated its digitalisation initiatives to add greater value to stakeholders. Our success is underpinned by our ability to deliver steady returns and maintain long-term stability. The company’s unwavering focus on generating sustainable value transcends across all strategic pillars and business units, via the prudent management of finances and forward-thinking principles.”

P A Jayawardena - Director/CFO



KEY RATIO ANALYSIS FOR 2022



Important; As a company not quoted on the Colombo Stock Exchange, we do not calculate the investor ratios associated with the share price. Similarly, efficiency ratios such as inventory turnover ratio, receivables turnover ratio, accounts payable turnover ratio, etc. are not calculated as they do not play a major role in generating the income of a life insurance company. As the company is ungeared, we have disregarded the calculation of leverage ratios for the company as well.

DELIVERING FINANCIAL VALUE

IMPACTED SDGS:



PRIORITY AREA 01:
Steady, Consistent Returns

PERFORMANCE DASHBOARD

We have mapped below the material line items of Income Statement reflecting how the gross written premium, investment and other income generated, costs incurred along with profits generated during year compared to 2021 and our future prospects towards financial performance to deliver returns.

INCOME STATEMENT HIGHLIGHTS

	Current period 2022			Previous period 2021			Succeeding period 2023	
	Actual	Target	Achievement	Actual	Target	Achievement	Target	Projected Growth
	Rs Mn	Rs Mn		Rs Mn	Rs Mn		Rs. Mn	
Gross written premium	29,160	30,624	95%	25,565	25,536	100%	33,317	14%
Investment Income and other income	20,071	16,648	121%	15,129	14,304	106%	24,551	22%
Net benefits and claims paid	(18,969)	(20,922)	91%	(12,736)	(15,585)	82%	(22,067)	16%
Acquisition cost	(2,097)	(4,358)	48%	(2,370)	(2,859)	83%	(2,446)	17%
Expenses	(4,301)	(4,503)	96%	(4,837)	(4,411)	110%	(5,170)	20%
Profit before tax	9,912	9,213	108%	8,545	7,516	114%	11,853	20%

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

The statement of financial position of the company lists the assets, liabilities, and equity of the organization as at the reporting date. Material line items have been discussed in detail below;

	Current year	Previous year	Succeeding year	Prospective Growth
As at	31st December 2022	31st December 2021	31st December 2023	%
Total Assets	191,532	173,763	216,749	13%
Financial Investments	157,785	148,466	179,166	14%
Investment Properties	4,268	4,046	4,930	16%
Investments in Subsidiaries & Associate	3,853	1,944	4,535	18%
Loans to Life policyholders	2,704	1,562	3,037	12%
Total Equity	49,399	44,194	58,271	18%
Total Liabilities	142,133	129,569	158,478	11%
Life Fund	134,886	119,635	150,804	12%

POLICYHOLDERS' FUND

The below table presents the results of the financial performance of the Policyholders' Fund, which is a part of the overall financial performance of the company.

For the year ended 31 December	2022	2021	Change
	Rs. Mn	Rs. Mn	%
Gross written premium	29,160	25,565	14%
Premium ceded to reinsurers	(472)	(308)	53%
Net written premium (net of premiums ceded to reinsurers)	28,688	25,257	14%
Investment and other income attributable to policyholders	15,862	11,782	35%
Net benefits paid	(18,969)	(12,736)	49%
Increase in long term insurance fund	(13,376)	(11,804)	13%
Acquisition cost	(2,097)	(2,370)	-11%
Operating and administrative expenses attributable to policyholders	(3,965)	(4,497)	-12%
Interest expense	(103)	(91)	13%
Tax expenses	(1,210)	(1,040)	16%
Surplus from life insurance business	4,829	4,500	7%

VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

Vertical Analysis of Financial Statement: Vertical analysis shows the percentage contribution of each line using a base figure within the statement. This provides a comprehensive overview of the financial statements.

Statement of Financial Position: Total assets are considered as the base figure in the vertical analysis.

As at 31 December	2022		2021		2020		2019		2018		2017	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Assets												
Intangible assets	318	0.17%	296	0.2%	363	0.24%	350	0.3%	37	0.03%	57	0.1%
Property, Plant & Equipment	11,835	6.18%	10,177	5.9%	9,281	6.15%	9,171	6.9%	7,568	6.4%	7,371	6.9%
Right of use Asset	196	0.10%	238	0.1%	198	0.13%	230	0.2%	-	-	-	-
Investment properties	4,268	2.23%	4,046	2.3%	3,516	2.33%	2,471	1.9%	2,305	2.0%	2,161	2.0%
Investment in subsidiaries and associates	3,853	2.01%	1,944	1.1%	1,944	1.29%	1,894	1.4%	1,543	1.3%	1,474	1.4%
Financial instruments	157,785	82.38%	148,466	85.4%	128,248	85.04%	112,554	84.5%	99,897	84.6%	88,629	83.5%
Employee Gratuity and pension benefit asset	7,451	3.89%	5,609	3.2%	4,388	2.91%	3,881	2.9%	3,816	3.2%	2,198	2.1%
Loans to life policyholders	2,704	1.41%	1,562	0.9%	1,283	0.85%	1,335	1.0%	1,190	1.0%	1,630	1.5%
Other Assets	2,717	1.42%	931	0.5%	813	0.54%	815	0.6%	1,327	1.1%	1,691	1.6%
Cash and cash equivalents	405	0.21%	494	0.3%	769	0.51%	510	0.4%	376	0.3%	883	0.8%
Total Assets	191,532	100.0%	173,763	100.0%	150,801	100.00%	133,211	100.0%	118,059	100.0%	106,095	100.0%
Equity and Liabilities												
Total Equity	49,399	25.8%	44,194	25.4%	38,145	25.29%	31,492	23.6%	26,426	22.4%	20,647	19.5%
Liabilities												
Insurance contract Liabilities-Life	134,886	70.4%	119,635	68.8%	106,737	70.78%	96,204	72.2%	88,049	74.6%	81,724	77.0%
Insurance contract liabilities- Other funds	663	0.3%	686	0.4%	657	0.44%	583	0.4%	520	0.4%	427	0.4%
Interest Bearing Borrowings	-	-	3,202	1.8%	-	-	-	-	-	-	-	-
Other liabilities	5,858	3.1%	5,641	3.2%	4,764	3.16%	4,516	3.4%	2,953	2.5%	2,947	2.8%
Bank overdrafts	726	0.4%	404	0.2%	497	0.33%	417	0.3%	112	0.1%	350	0.3%
Total Liabilities	142,133	74.2%	129,569	74.6%	112,656	74.71%	101,719	76.4%	91,634	77.6%	85,448	80.5%
Total equity and liabilities	191,532	100.0%	173,763	100.0%	150,801	100.00%	133,211	100.0%	118,059	100.0%	106,095	100.0%

DELIVERING FINANCIAL VALUE

Income Statement

Gross Written premium is considered as the base figure in the vertical analysis.

For the year ended 31 December	2022		2021		2020		2019		2018		2017	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Gross written premium	29,160	100%	25,565	100%	22,076	100%	18,719	100%	17,813	100%	15,765	100%
Premium ceded to reinsurers	(472)	-2%	(308)	-1%	(505)	-2%	(550)	-3%	(458)	-3%	(422)	-3%
Net written premium	28,688	98%	25,257	99%	21,571	98%	18,168	97%	17,355	97%	15,343	97%
Investment and other income	20,071	69%	15,129	59%	14,912	68%	13,393	72%	11,394	64%	10,281	65%
Total Revenue	48,759	167%	40,386	158%	36,483	165%	31,561	169%	28,749	161%	25,624	163%
Gross benefits and claims paid	(19,188)	-66%	(12,927)	-51%	(12,511)	-57%	(10,770)	-58%	(9,997)	-56%	(6,884)	-44%
Claims ceded to reinsurers	218	1%	191	1%	244	1%	166	1%	194	1%	197	1%
Gross change in contract liabilities	(13,376)	-46%	(11,804)	-46%	(9,424)	-43%	(7,190)	-38%	(6,457)	-36%	(7,259)	-46%
Change in Contract Liabilities Due to Transfer of One-Off Surplus	-	0%	-	0%	-	0%	-	0%	-	0%	3,456	22%
Net benefits and claims	(32,345)	-111%	(24,540)	-96%	(21,691)	-98%	(17,794)	-95%	(16,261)	-91%	(10,489)	-67%
Acquisition cost	(2,097)	-7%	(2,370)	-9%	(2,124)	-10%	(1,963)	-10%	(1,926)	-11%	(1,782)	-11%
Other operating and administration costs	(4,301)	-15%	(4,837)	-19%	(3,823)	-17%	(3,550)	-19%	(3,384)	-19%	(3,532)	-22%
Finance costs	(104)	-0.4%	(94)	-0.4%	(79)	-0.4%	(42)	-0.2%	(20)	-0.1%	(12)	-0.1%
Total benefits, claims and other expenses	(38,848)	-133%	(31,840)	-125%	(27,716)	-126%	(23,349)	-125%	(21,592)	-121%	(15,816)	-100%
Profit before tax	9,912	34%	8,545	33%	8,767	40%	8,212	44%	7,157	40%	9,808	62%
Income tax expense	(2,280)	-8%	(1,771)	-7%	(1,832)	-8%	(1,540)	-8%	(1,363)	-8%	(340)	-2%
Profit for the period	7,632	26%	6,774	26%	6,934	31%	6,672	36%	5,794	33%	9,467	60%

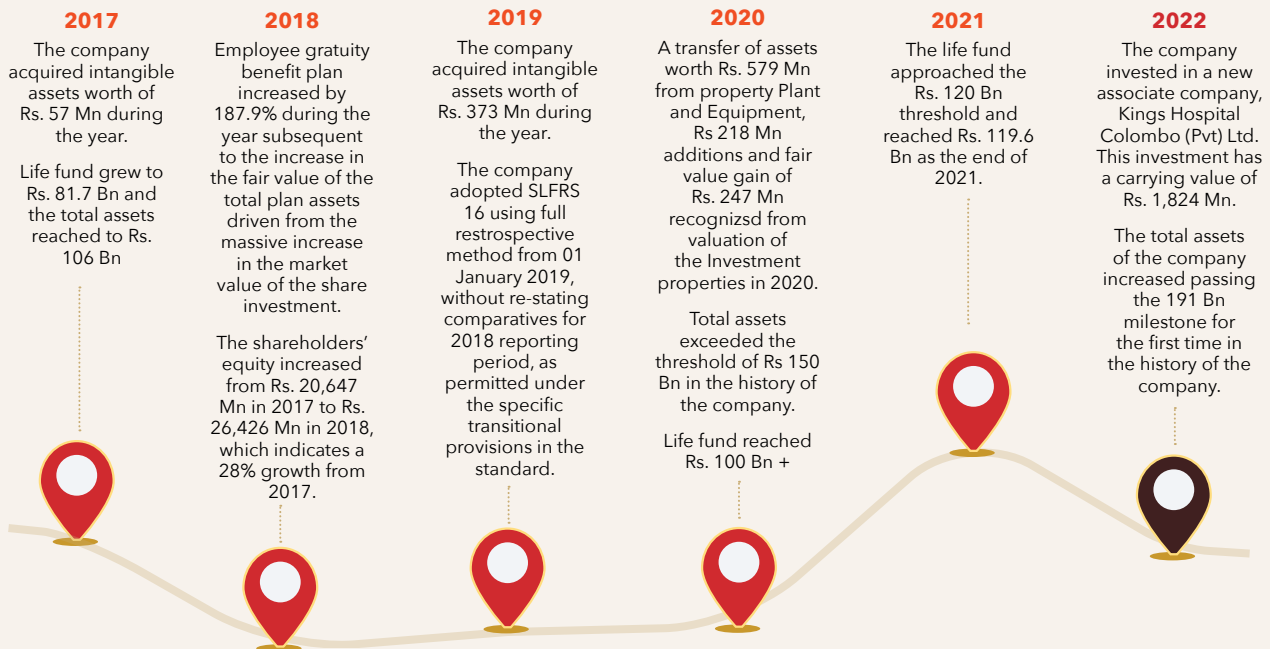
HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Adverse market conditions such as pricing intervention and inconsistent government policies that prevailed over the past six years have continued to date. The company, however, was not only able to successfully navigate through these difficult times but also surpass annual and strategic targets. Since then, the company's performance has been on a gradual upward trajectory, achieving historic levels. Rising inflation and inconsistent government policies will pose challenges for the company in the near future.

Statement of Financial Position

As at 31 December	2022	2022 vs 2021	2021	2021 vs 2020	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Assets												
Intangible assets	318	7%	296	-18%	363	4%	350	836%	37	-34%	57	1964%
Property, Plant & Equipment PE	11,835	16%	10,177	10%	9,281	1%	9,171	21%	7,568	3%	7,371	4%
Right of use Asset	196	-18%	238	20%	198	-14%	230	100%	-	-	-	-
Investment properties	4,268	6%	4,046	15%	3,516	42%	2,471	7%	2,305	7%	2,161	20%
Investment in subsidiaries and associates	3,853	98%	1,944	0%	1,944	3%	1,894	23%	1,543	5%	1,474	1%
Financial instruments	157,785	6%	148,466	16%	128,248	14%	112,554	13%	99,897	13%	88,629	9%
Employee Gratuity and pension benefit asset	7,451	33%	5,609	28%	4,388	13%	3,881	2%	3,816	74%	2,198	38%
Loans to life policyholders	2,704	73%	1,562	22%	1,283	-4%	1,335	12%	1,190	-27%	1,630	18%
Other Assets	2,717	192%	931	15%	813	-0.3%	815	-39%	1,327	-22%	1,691	5%
Cash and cash equivalents	405	-18%	494	-36%	769	51%	510	36%	376	-57%	883	51%
Total Assets	191,532	10%	173,763	15%	150,801	13%	133,211	13%	118,059	11%	106,094	10%
Equity and Liabilities												
Total Equity	49,399	12%	44,194	16%	38,145	21%	31,492	19%	26,426	28%	20,647	73%
Liabilities												
Insurance contract Liabilities-Life	134,886	13%	119,635	12%	106,737	11%	96,204	9%	88,049	8%	81,724	5%
Insurance contract liabilities- Other funds	663	-3%	686	4%	657	13%	583	12%	520	22%	427	28%
Interest Bearing Borrowings	0.00	-100%	3,202	100%	-	-	-	-	-	-	-	-100%
Other liabilities	5,858	4%	5,641	18%	4,764	6%	4,516	53%	2,953	0.2%	2,947	-42%
Bank overdrafts	726	79%	404	-19%	497	19%	417	273%	112	-68%	350	52%
Total Liabilities	142,133	10%	129,569	15%	112,656	11%	101,719	11%	91,634	7%	85,448	1%
Total equity and liabilities	191,532	10%	173,763	15%	150,801	13%	133,211	13%	118,059	11%	106,095	10%

FINANCIAL MILESTONES IN THE PAST SIX YEARS - STATEMENT OF FINANCIAL POSITION



DELIVERING FINANCIAL VALUE

Income Statement

For the year ended	2022	2022 vs 2021	2021	2021 vs 2020	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Gross written premium	29,160	14%	25,565	15.8%	22,076	18%	18,719	5%	17,813	13%	15,765	5%
Premium ceded to reinsurers	(472)	53%	(308)	-39%	(505)	-8%	(550)	20%	(458)	8%	(422)	13%
Net written premium	28,688	14%	25,257	17%	21,571	19%	18,168	5%	17,355	13%	15,343	5%
Investment and other income	20,071	33%	15,129	1%	14,912	11%	13,393	18%	11,394	11%	10,281	17%
Total Revenue	48,759	21%	40,386	11%	36,483	16%	31,561	10%	28,749	12%	25,624	9%
Gross benefits and claims paid	(19,188)	48.4%	(12,927)	3%	(12,511)	16%	(10,770)	8%	(9,997)	45.2%	(6,884)	1%
Claims ceded to reinsurers	218	14%	191	-22%	244	47%	166	-14%	194	-2%	197	33%
Gross change in contract liabilities	(13,376)	13%	(11,804)	25%	(9,424)	31%	(7,190)	11%	(6,457)	-11%	(7,259)	-14%
Change in Contract Liabilities Due to Transfer of One-Off Surplus	-	-	-	-	-	-	-	-	-	-100%	3,456	100%
Net benefits and claims	(32,345)	32%	(24,540)	13%	(21,691)	22%	(17,794)	9%	(16,261)	55%	(10,489)	-30%
Acquisition cost	(2,097)	-11%	(2,370)	12%	(2,124)	8%	(1,963)	2%	(1,926)	8%	(1,782)	5%
Other operating and administration costs	(4,301)	-11%	(4,837)	27%	(3,823)	8%	(3,550)	5%	(3,384)	-4%	(3,532)	20%
Finance costs	(104)	11%	(94)	19%	(79)	87%	(42)	107%	(20)	69%	(12)	21%
Total benefits, claims and other expenses	(38,848)	22%	(31,840)	15%	(27,716)	19%	(23,349)	8%	(21,592)	37%	(15,816)	-20%
PBT	9,912	16.0%	8,545	-3%	8,767	7%	8,212	15%	7,157	-27%	9,808	162%
Income tax expense	(2,280)	28.7%	(1,771)	-3%	(1,832)	19%	(1,540)	13%	(1,363)	301%	(340)	-49%
Profit for the period	7,632	13%	6,774	-2%	6,934	4%	6,672	15%	5,794	-39%	9,467	207%

OUR STRATEGIC IMPERATIVES

FINANCIAL MILESTONES IN THE PAST SIX YEARS - STATEMENT OF COMPREHENSIVE INCOME

2017

The company achieved a remarkable growth in profit after tax of Rs. 9.46 Bn subsequent to the one off surplus transfer of Rs. 3.46 Bn during the year.

2018

The company incurred gross claims and benefits of Rs. 9,997 Mn which is 45.2% more compared to 2017.

Total gross written premium of life insurance business recorded an increase of 13 % over 2017 to reach Rs. 17,813 Mn.

Investment and other income increased by 1.1 Bn.

2019

The company achieved a steady growth of GWP of Rs. 18.7 Bn which marks an increase of 5.1% over the previous year.

The Company generated an investment and other income of Rs. 13.5 Bn during the year, which highlights an increase of 17.5% over the previous year.

2020

GWP reached Rs. 22 Bn in the year. Transfer to the long term insurance fund increased by 31.07% to Rs. 9.4 Bn in 2020.

2021

Rs. 25,565 Mn in gross written premium, crossing the 25 Bn threshold for the first time.

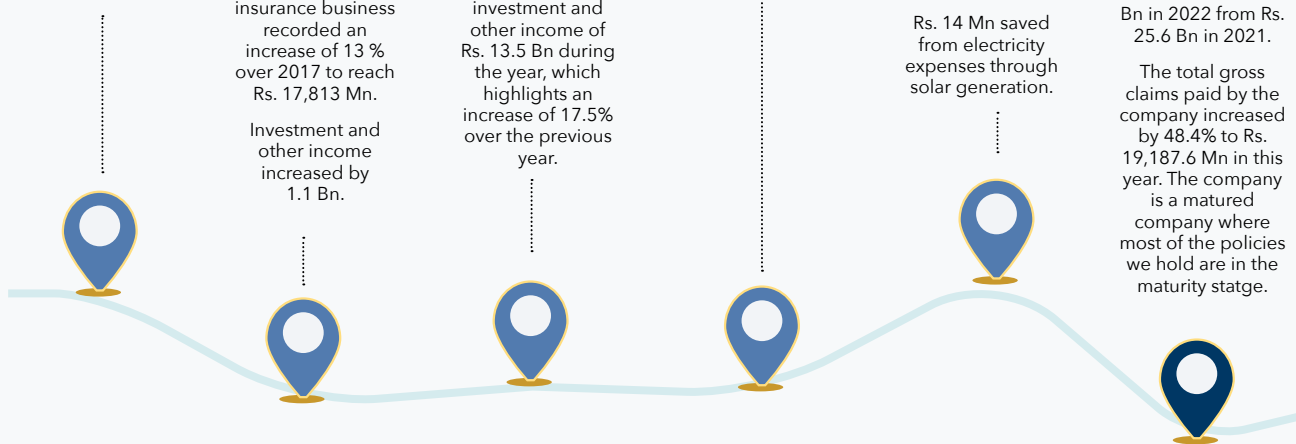
Rs. 4,500 Mn surplus from the life insurance business

Rs. 14 Mn saved from electricity expenses through solar generation.

2022

The company achieved the milestone of exceeding Rs. 20Bn in terms of investment and other income in the company history. The GWP increased to Rs. 29 Bn in 2022 from Rs. 25.6 Bn in 2021.

The total gross claims paid by the company increased by 48.4% to Rs. 19,187.6 Mn in this year. The company is a matured company where most of the policies we hold are in the maturity stage.



Gross Written Premium

Gross Written Premium (GWP) is the total premium paid by the policyholders to the company, before deducting reinsurance and ceding commission, which serves as the company's primary source of income.

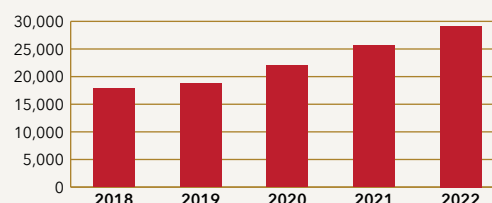
Our performance during the year

Despite the serious economic uncertainties prevailed during the year in Sri Lanka, our GWP crossed the Rs. 29 Bn milestone for the first time in the history of the company. This reflected an increase of 14.1% YoY (2021: 15.8%) to reach Rs.29,160 Mn (2021: 25,565 Mn). The main contributor to this growth was the premium income generated by Ceylinco Life Two-Year Endowment Plan – a short-term endowment plan newly introduced to the company's product portfolio during the year. The product grew in popularity during the year as it offers an attractive yield to the policyholder for their hard-earned money, along with a life cover.

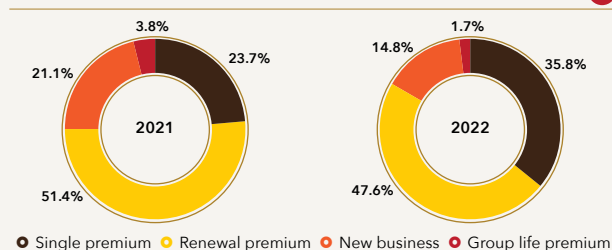
GWP BY NATURE

Composition	2022 (Rs Mn)	2021 (Rs Mn)	Change
Renewal premium	13,888	13,137	5.7%
Single premium	10,435	6,061	72.2%
New business	4,329	5,393	-19.7%
Group life premium	508	974	-47.8%
Total	29,160	25,565	14.1%

GWP



GWP- COMPOSITION



Renewal Premium

Renewal premium income, which is the largest component of GWP, grew by 5.7% YoY to reach Rs. 13,889Mn in 2022 (2021: Rs. 13,138Mn). The growth in renewal premium can be attributed to the policyholders becoming more aware of the importance of keeping up with their periodical premium payments to keep their policies in force, as well as the efficiency of our collection channels.

Single Premium

Single Premium products, which comprise endowment and retirement policies, grew by 72.2% YoY to Rs. 10,435 Mn (2021: Rs. 6,061 Mn). This increase was mainly from the successful re-launch of the Limited Term Endowment product that attracted a significant number of customers. Single premium products therefore contributed towards 35.8% of total premium income in 2022 (2021: 23.7%). During the period the company introduced the Two Year Endowment Plan with an attractive return to the policyholders with an additional life cover that was sought after by many of the customers, consequently leading to higher revenue streams being achieved in 2022.

New Business

New business recorded a 19.7% decrease over the previous year in absolute terms as opposed to 10.8% growth in 2021. When annualized, the new business premium showed a 40.4% increase in 2022 (2021: 44%).

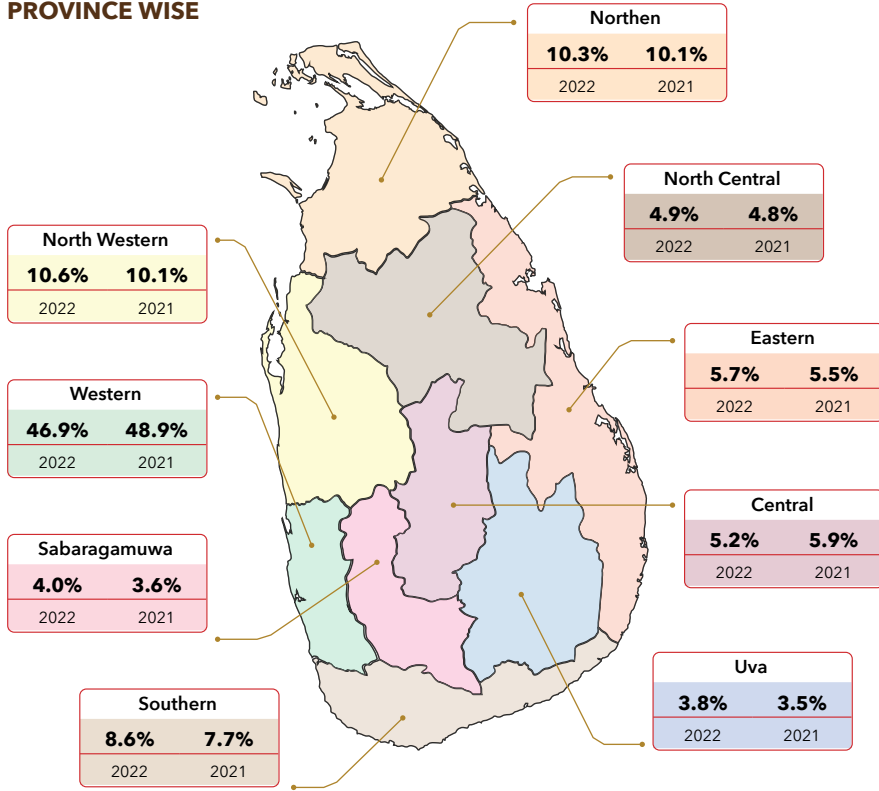
Composition	2022	2021	Change
Annualized new business premium - Rs. '000	9,518,083	9,017,314	5.6%
No of new policies issued during the period	108,285	144,043	-24.8%
Average premium per policy - Rs.	87,898	62,602	40.4%

Group Life Premium

Contribution from Group Life Premium income to GWP decreased by 47.8% YoY to reach Rs. 508 Mn (2021: Rs. 974). This resulted in reducing the contribution of the group life premium income to the GWP to 1.7% in 2022 (2021: 3.8%). The higher interest rates in the economy discouraged the demand for loans and borrowings in the financial sector, which, in turn, adversely affected the demand for our Decreasing Term Assurance plans.

DELIVERING FINANCIAL VALUE

GROSS WRITTEN PREMIUM PROVINCE WISE



CHANNEL WISE GWP ANALYSIS

Our operations are performed via three channels,

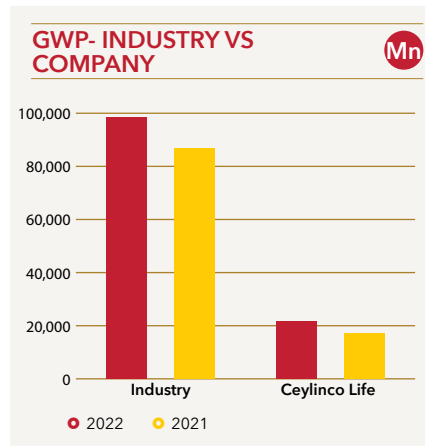
1. Agency (individual sales agents)
2. Alternative Channels (Bancassurance, brokers and others)
3. Internet and Online, which includes social media.

GWP by channel	2022	2021	Change
	Rs. Mn	Rs. Mn	
Agency	28,898	25,319	14.1%
Alternative	237	212	11.9%
Internet and other	25	34	-26.2%
Total	29,160	25,565	14.1%

Ceylinco Life primarily operates via three channels, namely Agency (individual sales agents), Alternative Channels (Bancassurance, brokers and others) and Internet and Online, which includes social media. 99% of our total premium is collected through the agency channel, which grew by 14.1% from 2021.

GWP GROWTH - INDUSTRY VS. CEYLINCO LIFE

The GWP of the Sri Lankan life insurance industry grew by 13.5% YoY to Rs. 98,308 Mn for the period ended 30th September 2022 (2021: Rs.86,62 Mn). GWP of Ceylinco Life grew in the same period by 25.5% YoY to Rs. 21,676 Mn (2021: Rs. 17,271 Mn). The company accounted for 22% of the total industry revenue during that period, being the market leader in the industry.



KEY VALUE DRIVERS OF GWP

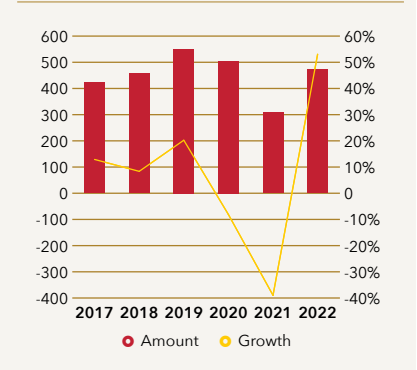
- Incentives for the sales force
- Introduction of new products to our product mix
- Better customer relationships
- Organizing policyholder engagement events such as the popular "Family Savari" programme

PREMIUMS CEDED TO REINSURERS

Reinsurance is the process wherein a component of the risks undertaken by the life insurer is transferred to a reinsurer. Accordingly, a reinsurance premium is paid/payable by the insurer to the reinsurer for this purpose.

During the year premium ceded to reinsurers increased by 53.1% YoY to reach Rs. 472.2Mn (2021: Rs. 308.5Mn).

PREMIUMS CEDED TO REINSURERS



Details of the credit rating of the reinsurers are given below.

Reinsurer	Rating	Rating agency
Swiss Re	AA-	Standard & Poor's
Munich Re	AA-	Standard & Poor's
RGA	AA-	Standard & Poor's

KEY VALUE DRIVERS

The company has diversified and partnered with three leading reinsurance companies namely, Swiss Re, Munich Re and RGA in its reinsurance strategy.

Investment Income and other Income

Investment income contains interest income, dividend income and rental income on the company's investments, after deducting any related investment expenses.

Investment Income

In 2022, our investment income exceeded Rs. 19 Bn, reflecting a 35% increase from Rs. 14,314.8 Mn in 2021 to Rs. 19,323.1 Mn in 2022.

Held-to-Maturity (HTM) assets were the highest contributor (52.2%) to the investment income, and also recorded the highest growth rate of 60.7% during the year, generating Rs. 10,085.1 Mn (2021: Rs. 6,274.2 Mn). This result was attributable to the prudent investment decisions made by the Investment Committee to re-classify the Available-For Sale (AFS) assets under HTM during the previous year 2021, coupled with the significant increase in interest rates that prevailed in the economy.

Being the second largest contributor at 46.5%, Loans and Receivable (L&R) financial assets generated Rs. 8,985.6 Mn in 2022 (2021: Rs. 6,980.49 Mn), reflecting a growth of 28.7% YoY.

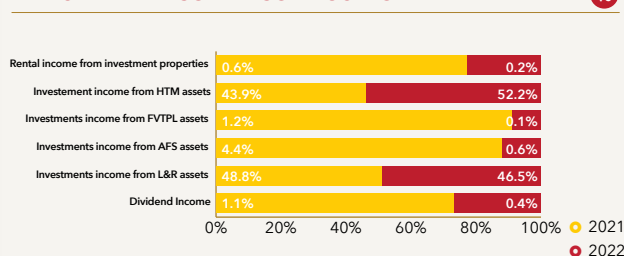
Other Income

Total other income dropped by 8.1 % YoY to Rs. 748.1 Mn in 2022 (2021: Rs. 814.4 Mn), mainly due to the decrease in the realised gains during the year as a result of reclassifying assets worth Rs. 7,758 Mn from AFS to HTM in 2021. This reclassification served us well as it led to a higher interest income in 2022 due to the higher interest rates that prevailed in 2022. The drop in other income was mitigated to a large extent by the remarkable growth in other operating revenue that grew by 81.3% YoY to Rs. 50.7 Mn in 2022 (2021: Rs. 28 Mn).

Fair value gains recorded a growth of 11.7% YoY and reached Rs. 433.4 Mn (2021: Rs. 388.1 Mn), while fees and commission income grew by 4.1% YoY to Rs. 206 Mn (2021: Rs. 197.9 Mn).

	2022 (Rs. Mn)	2021 (Rs. Mn)	Growth
Investment income	19,323.1	14,314.8	35.0%

INVESTMENT INCOME - COMPOSITION



	2022 (Rs. Mn)	2021 (Rs. Mn)	Growth
Fees and commission income	206.0	197.9	4.1%
Realised gains/(losses)	58.0	200.4	-71.1%
Fair value gains/(losses)	433.4	388.1	11.7%
Other operating revenue	50.7	28.0	81.3%
Total other income	748.1	814.4	-8.1%

KEY VALUE DRIVERS

The company focused on managing the investment portfolio more prudently in 2022, generating above-par returns while mitigating financial risks.

Net benefits and claims paid

An insurance claim is a formal request by a policyholder to an insurance company for coverage or compensation for a covered loss or insured event. The insurer can recover the respective proportions of its gross claim outgo from reinsurers in terms of the agreed treaties. The difference between the gross policyholder claim and the amount recovered from the reinsurer is known as net benefits and claims paid during the particular financial period.

Net benefits and claims from the life insurance business, excluding gross change in contract liabilities, increased during the period under review, recording a YoY increase of 48.9% to reach Rs. 18,969.3 Mn in 2022 (2021: Rs. 12,736.0 Mn). During the year under review, we paid Rs. 12,579.8 Mn (2021: Rs. 8,152 Mn) in maturity benefits, reflecting a growth of 54.3% YoY. Surrenders paid during 2022 was Rs. 3,611.1 Mn (2021: Rs. 1,722 Mn), up by 109.7% YoY. All other claims disbursed during the year increased except for death, disability and hospitalization claims which dropped by 9.2% YoY to Rs. 1,778 Mn in 2022 (2021: Rs. 1,958 Mn).

Nature of claims	2022 Rs. Mn	2021 Rs. Mn	Change
Death, disability and hospitalization claims	1,778.0	1,958.0	-9.2%
Policy Maturities	12,579.8	8,152.0	54.3%
Interim payments on anticipated endowment plans	1,192.3	1,072.0	11.2%
Policy surrenders	3,611.1	1,722.0	109.7%
Annuities	26.5	23.0	15.0%
Gross claims and benefits	19,187.6	12,927.0	48.4%
Reinsurance recoveries	- 218.3	- 191.0	14.3%
Net benefits and claims	18,969.27	12,736.00	48.9%

DELIVERING FINANCIAL VALUE

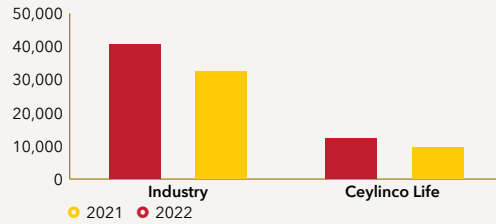
OUR STRATEGIC IMPERATIVES

Net benefits and claims paid (continue)

CLAIMS PAID - INDUSTRY VS. CEYLINCO LIFE

The total claims related to life insurance business for the period ended 30th September 2022, including maturity and death claims, amounted to Rs. 40,631 Mn compared to Rs. 32,565 Mn in 2021 showing a growth rate of 24.77%. In the same period Ceylinco life paid claims amounting to Rs. 12,194.1Mn which was an increase by 27.8% year on year from 9,540.6Mn in 2021. The total claims paid by our company account for 30% during Q3 of 2022

CLAIMS PAID - INDUSTRY VS. CEYLINCO LIFE Mn



KEY VALUE DRIVERS

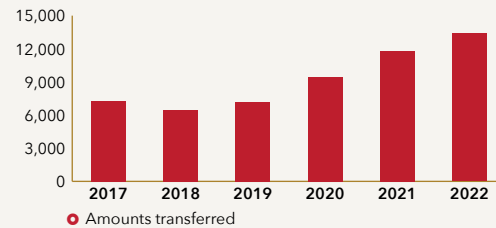
The Incurred Claim Ratio gives an overall picture of the financial health of the company. Our incurred claim ratio stood at 66.1% in 2022 compared to 50.9% in 2021. Keeping this ratio between 50% to 100% is generally considered to be healthy for an insurance company. This also indicates that the new plans introduced are contributing well to our bottom line.

Gross change in contract liabilities

Gross change in contract liabilities is the transfer to the Life Fund, net of any surplus transfer to the Shareholder's Fund during the period.

The company transferred Rs 13,376 Mn to the Life Fund in 2022 (2021: Rs. 11,804 Mn), following a transfer of Rs. 4,829.0 Mn to the Shareholder's Fund (2021: Rs. 4,500 Mn). This net transfer to the Life Fund in 2022 reflects an increase of 13.3% over 2021. This net transfer to the Life Fund was made possible by the GWP growth combined with higher investment income generated from the prudent investment of policyholders' funds. These were sufficient to absorb the increase in customer benefits paid.

TRANSFER TO LONG-TERM INSURANCE FUND Mn



KEY VALUE DRIVERS

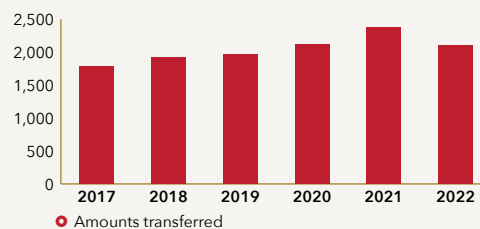
Ceylinco Life invested policyholders' funds prudently to generate higher returns to the policyholders, while maintaining financial stability to honour present and future commitments.

Acquisition cost

Acquisition cost mainly represents the commission expenses incurred by the Company in underwriting life insurance. Ceylinco Life depends predominantly on independent sales agents to deliver the message of life insurance to Sri Lankan families.

The company recorded a drop of 11.5% in acquisition cost to Rs. 2,097.3 Mn in 2022 (2021: Rs. 2,369.8 Mn). This decline was correlated with the comparatively less commissions payable on endowment products that significantly contributed to GWP during the year.

ACQUISITION COST Mn



KEY VALUE DRIVERS

During the year, the company generated a significant proportion of GWP from its endowment plans, which offer less commission payments to sales compared to other products.

Operating and administration expenses

Other operating and administrative expenses include administration, staff, sales and marketing expenses related to the company.

The company's operating and administrative expenses decreased by 11.1% to Rs. 4,300.7 Mn in 2022 (2021: Rs. 4,836.6). The administration expenses declined by 22.2% to Rs. 1,727.3 Mn in 2022 (2021: Rs. 2,219.8 Mn). The company has been successful in rationalizing costs and minimizing waste by efficiently investing in new technology and engaging in sustainability practices to reduce administration costs during the year. However, the investment in sophisticated computer software exerted upward pressure on administration costs resulting from the higher software maintenance costs incurred during the year.

However, this decrease was partially offset by the increase of 34.1% YoY in selling expenses to Rs. 1,107.1 Mn in 2022 (2021: Rs. 825.9 Mn). This increase was attributable to the expenditure on advertising and business promotions dedicated towards generating new business and defending the company's market share in an intensely competitive industry.

	2022 (Rs. Mn)	2021 (Rs. Mn)
Administration expenses	1,727.3	2,219.8
Selling expenses	1,107.1	825.9
Employee benefit expenses	1,466.2	1,790.9
Total	4,300.7	4,836.6

The company's employee benefit expenses declined to Rs.1,466.3 Mn in 2022 (2021: Rs. 1,790.9 Mn), reflecting a decrease of 18.1% YoY. It should be noted that this decrease is subsequent to the impact of the reversal of the Company's contributions to the Pension and Gratuity Funds resulting from the fair values of the planned assets being higher than the planned liabilities. When these reversals are disregarded, in fact, the company's employee benefit expenses increased during 2022 as a result of salary increments, bonus and incentives paid and other staff related expenses incurred in recognition of the employees.

KEY VALUE DRIVERS

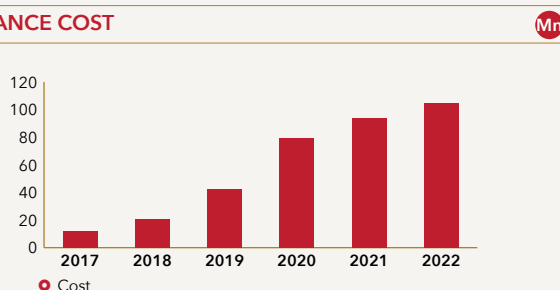
The company's sustainable and digitalization practices has led to manage the day today operations and the administration costs of the company efficiently.

Finance cost

The finance cost mainly includes charges and commissions paid to financial service providers, particularly bank charges.

During the year, this expense increased by 11.5% YoY to Rs. 104.4 Mn (2021: Rs. 93.6Mn). The increase was primarily attributable to the increase in bank charges paid during the year.

FINANCE COST



KEY VALUE DRIVERS

Ceylinco Life ensured all payments to banks and other financial institutions were made in a timely manner, while maintaining good relationships with the banks and other financial institutions.

EBITDA (Earnings before Interest, tax, depreciation and amortisation)

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. It is one of the most widely used measures of a company's financial health and ability to generate cash.

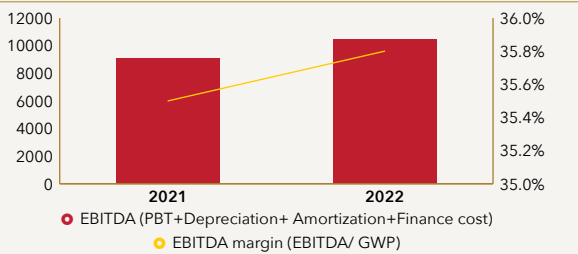
EBITDA improved by 15.3% YoY to reach Rs 10,451.5 Mn during 2022 (2021: Rs. 9,068.3 Mn) in line with the increase in GWP and investment income during the period under review. The increased net benefits and claims during the year partially offset this increase during the period. However, the company was able to keep the operating and administration costs relatively low during the year, while maintaining lower acquisition costs, all of which has a positive impact on EBITDA compared to the previous year. Consequently, the EBITDA margin improved to 35.8% in 2022 (2021: 35.5%), reflecting a growth of 1.04% YoY.

	2022 (Rs. Mn)	2021 (Rs. Mn)
EBITDA (PBT+Depreciation+ Amortization+Finance cost)	10,451.5	9,068.3
EBITDA margin (EBITDA/ GWP)	35.8%	35.5%

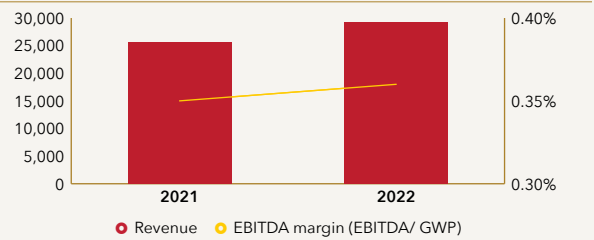
DELIVERING FINANCIAL VALUE

EBITDA (Earnings before Interest, tax, depreciation and amortisation) - (continue)

EBITDA VS EBITDA MARGIN



REVENUE VS EBITDA MARGIN



Profit before tax (PBT) , Profit after tax (PAT) and Earnings per Share (EPS)

Our Profit before Tax (PBT) soared to Rs. 9,911.6 Mn in 2022 (2021: Rs. 8,545.4 Mn), which indicates a growth of 16% YoY.

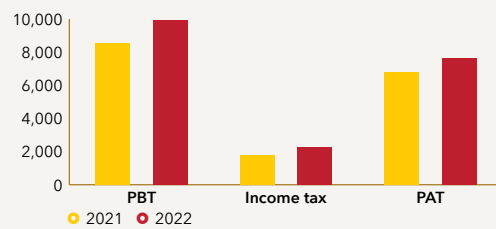
The company's income tax expense increased by 28.7% YoY to reach Rs.2,279.8 Mn in 2022 (2021: Rs. 1,770.9 Mn). This increase was a result of the revised income tax rates which came into effect from 1 October 2022 onwards.

The Profit after Tax (PAT) rose by 12.7% YoY to reach Rs. 7,631.8 Mn (2021: Rs. 6,774.5 Mn).

Consequently, Earnings per Share (EPS) improved by 12.7% YoY to reach Rs.152.6 per share in 2022 (2021: Rs.135.5 per share). The number of ordinary shares remained unchanged, while EPS growth was driven by the rise in net profits during the period.

	2022 (Rs. Mn)	2021 (Rs. Mn)	Change
PBT	9,911.6	8,545.4	16.0%
Income tax	-2,279.8	-1,770.9	28.7%
PAT	7,631.8	6,774.5	12.7%
EPS	152.64	135.49	12.7%

PBT, INCOME TAX AND PAT



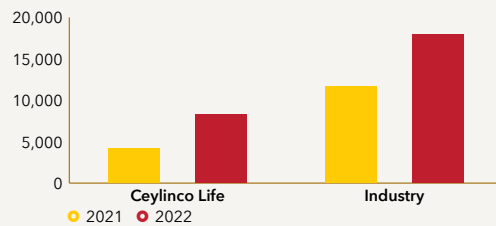
OUR STRATEGIC IMPERATIVES

Profit before tax - Industry vs. Ceylinco Life

Profit before tax of the Life insurance industry in Sri Lanka increased by 54 % YoY to Rs. 17,952 Mn during the period ended 30th September 2022 (2021: Rs. 11,655 Mn). Ceylinco Life reported a profit before tax of Rs. 8,308.4 Mn during the same period in 2022 (2021: Rs. 4,143.5 Mn).

The company accounts for 46.3% of the total profit before tax of the industry during the period ended 30th September 2022 (2021: 35.6%).

PROFIT BEFORE TAX- INDUSTRY VS CEYLINCO LIFE





SNAPSHOT OF OUR COMPANY'S MATERIAL LINE ITEMS SUCH AS ASSETS, LIABILITIES AND EQUITY.

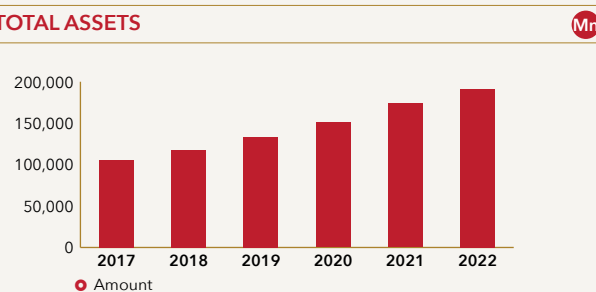
Note		2022 (Rs. Mn)	2021 (Rs Mn)	% Growth
1	Property, Plant & Equipment	11,835	10,177	16.3%
2	Investment Property	4,268	4,046	5.5%
3	Investments in Subsidiaries	1,211	1,136	6.6%
4	Investments in Associates	2,642	808	227.1%
5	Employee Gratuity Benefit Asset	6,186	5,017	23.3%
6	Loans to Life Policyholders	2,704	1,562	73.1%
7	Financial investments	157,785	148,466	6.3%
8	Total Assets	191,532	173,763	10.2%
9	Total Equity	49,399	44,194	11.8%
10	Insurance Contract Liabilities - Life	134,886	119,635	12.7%
11	Total Liabilities	142,133	129,569	9.7%

Total Assets

The company's assets and investments serve as the key to our continuity in the long run, contributing towards our strength and stability amid an extremely volatile environment.

The company's total asset base grew by Rs. 17,769 Mn to reach Rs. 191,531.9 Mn as at 31 December 2022 (2021: Rs. 173,763.0 Mn). This increase is attributable to the growth in HTM financial assets, AFS financial assets, loans to policyholders, Employee Gratuity Benefit Asset, and from the new strategic investment in Kings Hospital Colombo (Pvt.) Ltd. during 2022.

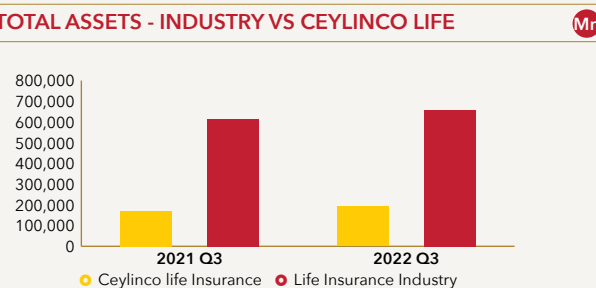
TOTAL ASSETS



Total Assets - Industry vs. Ceylinco Life

The total assets of the Life Insurance industry in Sri Lanka as at 30th September 2022 amounted to Rs. 656,631 Mn (2021: Rs. 615,538 Mn), indicating a growth rate of 6.68% YoY. The total assets of Ceylinco Life stood at Rs. 192,110.4 Mn as at the same quarter end of 2022 (2021: Rs. 170,498 Mn), representing a growth of 12.7% YoY. Ceylinco Life, being the market leader, contributed to 29.3% of the total asset portfolio of the industry as at 30th September 2022.

TOTAL ASSETS - INDUSTRY VS CEYLINCO LIFE



DELIVERING FINANCIAL VALUE

Property plant and Equipment

Property, plant and equipment (PPE) increased by 16.3% YoY to Rs. 11,835.2 Mn in 2022 (2021: Rs. 10,177 Mn). Accordingly, PPE accounted for 6.2% of the total assets at the close of the year. Freehold land and buildings are considered to be an admissible asset in capital adequacy calculations, and account for 90% of the value of property, plant and equipment (2021: 90%). During the year, the company acquired land and buildings amounting to Rs 69.7 Mn. We also recognised a gain of Rs. 1,518.3 Mn on revaluation of land and buildings held under property, plant and equipment (2021: Rs. 770.5 Mn).

KEY VALUE DRIVERS

The company is in the process of relocating branches into its own premises via either acquisition or construction. The company invests in locations which are strategically advantageous for business promotion, with the intention of reducing rent expenses and enhancing physical presence. The newly relocated branches adhere to sustainability principles, and are termed "green" buildings.

Investment Properties

Investment properties include land and buildings held by the Company for investment purposes. Such properties generate rental income for the Company and also accumulate gains from capital appreciation.

Ceylinco Life's investment properties grew by 5.5% YoY to reach Rs. 4,268.2 Mn in 2022 (2021: Rs. 4,046 Mn). Additions to investment properties in 2022 amounted to Rs. 260.6 Mn (2021: Rs. 311.2 Mn) and a fair value gain of Rs. 411.9 Mn was recognised from the valuation of the properties in 2022 (2021: Rs. 458.8 Mn). An investment property worth Rs. 450 Mn was disposed of during the period (2021: Rs. 240 Mn). Additional details on investment property are given on page 270.

KEY VALUE DRIVERS

Renting out the properties, which are not used in the ordinary course of business, to reliable and trustworthy tenants to generate an additional monthly rental income.

Investment in Subsidiaries and Associates

Investments in subsidiaries stood at Rs. 1,211 Mn in (2021: Rs. 1,136 Mn). This comprises the investments in Ceylinco Healthcare Services Limited and Serene Resorts Limited valued at Rs. 771 Mn and Rs. 440 Mn respectively.

During 2022, we invested in a new associate company, namely Kings Hospital Colombo (Pvt) Ltd, the carrying amount of which was 1,834Mn. The investment in the existing associate company, Citizens Development Business Finance PLC, remained unchanged from 2021 to 2022 at Rs. 808 Mn.

KEY VALUE DRIVERS

Expanding our group structure by investing in companies of diverse industries with the motive of diversifying the business risks and obtaining higher returns for our shareholders.

Employee Gratuity Benefit Asset

The employee gratuity benefit asset grew by 23.3% YoY and stood at Rs 6,186 Mn in 2022 (2021: Rs.5,016.6 Mn). This increase is due to fair values of the planned assets being higher than the planned liabilities.

KEY VALUE DRIVERS

Careful and prudent investment decisions made on the gratuity plan asset to generate higher returns to the employees.

Loans to Policyholders

Policyholder loans are granted up to 90% of the surrender value of a Life Insurance Policy at a rate equivalent to market rate. As at 31st December 2022, the loans granted increased by 73.1% YoY to reach Rs 2,703.6 Mn (2021: Rs. 1,562 Mn). We offered competitive interest rates to policyholders during the year and the rates are revised on a quarterly basis in response to market rates.

KEY VALUE DRIVERS

Offering competitive interest rates to policyholders during the year and revision of the rates on a quarterly basis in response to market rates .

Financial Instruments

Financial instruments, which is a mix of assets prudently managed through different funds, accounted for 82.4% of our total assets as at the end of 2022. The largest proportion of our financial instruments is invested in Government Securities (56%), followed by Term Deposits (27%), Corporate Debt (16%) and Other Assets (1 %) according to the guidelines issued by the Insurance Regulatory Commission of Sri Lanka.

In compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS) we have categorized financial instruments into the following categories,

HTM	L&R	AFS	FVTPL
Treasury Bill & Bonds	Staff Vehicle Hire	Treasury Bills & Bonds	Treasury Bills & Bonds
Debentures - Quoted	Staff Loans other than vehicle Hire Purchase	Quoted Share Investment	Short Term Investment - Quoted
Debentures - unquoted	Repo Investment	Unquoted Share Investment	
	Debentures - Unquoted	Quoted Debentures	
	Debentures - Quoted		
	Term Deposits		

As a life insurance company, under the exemption granted under SLFRS 17: Insurance Contracts, the company has opted to defer the adoption of the latest standard SLFRS 9, until the effective date of SLFRS 17, which is on 1 January 2025.

	2022 Rs. Mn	2021 Rs. Mn
HTM	91,730.3	63,905.4
L&R	64,965.2	83,943.2
AFS	621.9	616.1
FVTPL	468.0	1.1
Total	157,785.4	148,465.7

Our Investment Strategy

Investments in financial instruments strictly follow the regulatory and internal investment guidelines. Our strategy lies in earning steady returns from relatively lower-risk investments. 56.2% of Ceylinco Life's total investments represented risk-free Government Securities as at 31 December 2022 (2021: 40.6%), which indicates an increase of 41% YoY. The balance investments were made with counterparties, predominantly Licensed Banks, with good credit quality. (Refer the page number 335 for ratings of financial instruments.)

KEY VALUE DRIVERS

Investments in financial assets out of the Long-term Insurance Fund are strictly governed by the guidelines issued by the Insurance Regulatory Commission of Sri Lanka. In addition, the company's Investment Policy Statement, financial market conditions, investment returns and associated risks are considered when investment decisions are made.

DELIVERING FINANCIAL VALUE

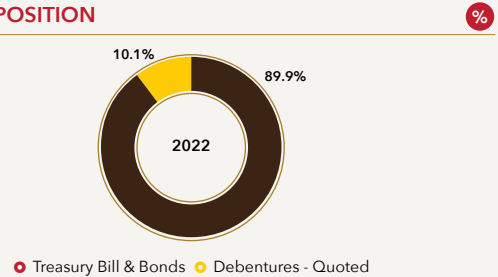
OUR STRATEGIC IMPERATIVES

Held-to-Maturity Financial Instruments (HTM)

HTM financial assets are those with fixed or determinable payments and fixed maturities.

We intend to hold such assets until maturity, with 58.1% of Company's financial instruments in the HTM category. As a prudent life insurer, Ceylinco Life holds long-term investments to match its long-term insurance liabilities. Therefore, 90% of the HTM financial assets are held in "risk-free" Treasury Bonds, and the remaining assets are held in quoted and unquoted debentures. The Company mainly invests in corporate debentures of issuers bearing credit ratings between AAA to A-. The objective of this strategy is to earn steady returns from relatively lower-risk investments, while adhering to the stringent regulatory and internal investment guidelines.

HTM COMPOSITION

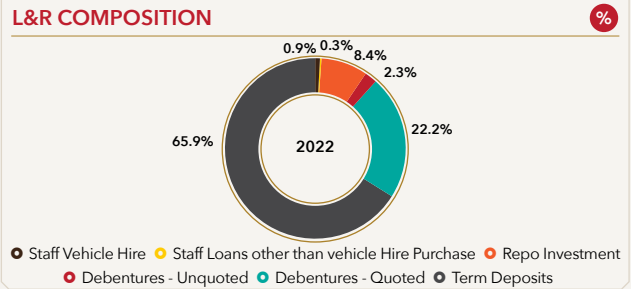


Loans & Receivables (L&R)

These are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market.

41.2% of our financial instruments are held in the L&R category. Loans and receivables are made up of 66% investments in term deposits, of which 99% are term deposits with Licensed Commercial Banks and the balance are with Licensed Finance Companies.

L&R COMPOSITION

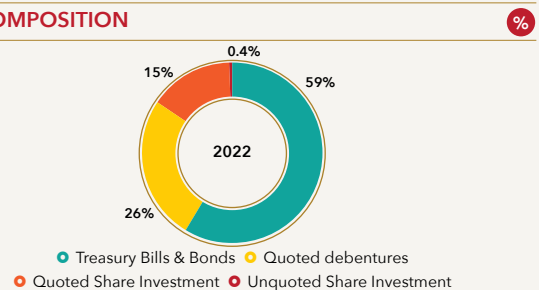


Available-for-Sale Financial Instruments (AFS)

AFS financial assets are financial assets designated as available for sale and are not classified in any of the other categories.

AFS financial assets account for 0.4% of the investments in financial instruments. 58.6% of the AFS financial assets are held in Treasury Bills and Bonds and the remaining is invested in quoted and unquoted share investments and quoted debentures.

AFS COMPOSITION

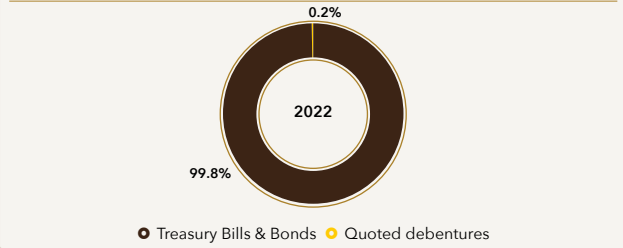


Fair Value Through Profit or Loss (FVTPL)

These financial assets are held for trading.

The proportion of the FVTPL assets in the financial instrument portfolio of the Company is relatively insignificant, accounting for a mere 0.3% of the investments in financial instruments. Government Securities account for 99% of the FVTPL financial assets.

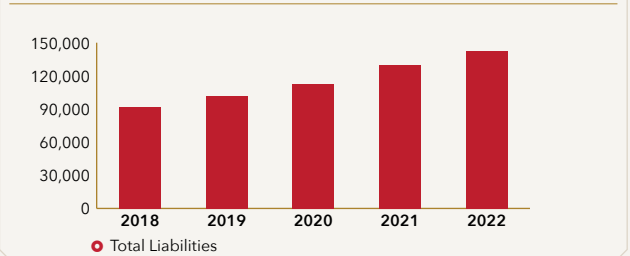
FVTPL COMPOSITION



Total Liabilities

Total liabilities of the company grew by 9.7% YoY to reach Rs 142,132.9 Mn in 2022 (2021: Rs. 129,568.9 Mn). This increase was mainly due to the increase in Insurance Contract Liabilities to Rs. 134,885.8 Mn (2021: Rs. 119,634.8). Insurance contract liabilities accounted for 95% of our total liabilities as at 31 December 2022.

TOTAL LIABILITIES

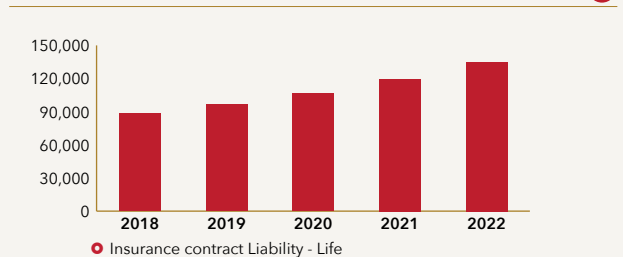


Insurance Contract Liability - Life

Insurance Contract Liabilities, or simply the Life Fund, is the fund maintained for the long-term insurance business by Ceylinco Life in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000, as amended. The size of the Life Fund is considered as an indicator of financial strength and stability of a life insurer. A larger fund indicates that the insurance company is financially strong, stable and sound.

Our Life Fund grew up to Rs. 134,885.8 Mn as at 31 December 2022 (2021: Rs. 119,634.8 Mn), indicating a growth of 12.7% YoY. This growth was supported by the growth in GWP and investment income. This net growth was net of the transfer of Rs. 4,829 Mn to the Shareholder’s Fund in 2022 (2021: Rs. 4,500 Mn). The company maintained a proper segregation of assets and liabilities for Participating, Non-Participating and Universal Life Funds, in terms of the requirements of Direction 15 issued by the Insurance Regulatory Commission of Sri Lanka. The actuarial valuation of the Life Fund as at 31 December 2022 was carried out by the Independent Consulting Actuary, Willis Towers Watson, whose report is given on page 234.

INSURANCE CONTRACT LIABILITY- LIFE



KEY VALUE DRIVERS

In accordance with the applicable regulations, we manage the Life Fund to generate more sustainable value to the policyholders.

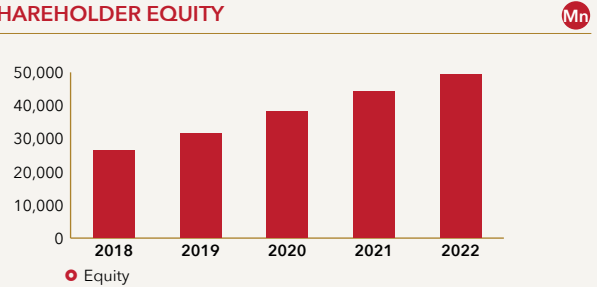
DELIVERING FINANCIAL VALUE

Shareholders' Equity

Shareholders' equity increased up to Rs. 49,399 Mn in 2022 (2021: Rs. 44,194 Mn), which indicates a 11.8% growth YoY (2021- 15.9%).

The stated capital of the Company remained unchanged at Rs. 500 Mn. The impressive financial performance in 2022 resulted in increasing the retained earnings by 15.8% YoY to Rs. 37,530.9 Mn in 2022 (2021: Rs. 32,400.3 Mn). This is net of the distribution of Rs. 787.5 Mn as dividends in 2022 (2021: 782.5Mn). The revaluation reserve increased to Rs. 581.8 Mn in 2022 (2021: Rs. 496.5 Mn), reflecting a growth of 17.2% YoY (2021: 35.6%), due to the gain recognised on revaluation of land and buildings. The Restricted Regulatory Reserve, which was recognised in 2017 in compliance with Direction 16 issued by the IRCSL, stood unchanged at Rs. 3,456.2 Mn as at the end of 2022. This represents the one-off surplus transfer made to the Shareholders' Fund from other than the participating business in 2017. Shareholders' equity also includes a Special Reserve of Rs. 7,311.7 Mn, which represents the value of net assets transferred to Ceylinco Life Insurance Limited from Ceylinco Insurance PLC on 1 June 2015 as an effect of the regulatory segregation of the life insurance business from Ceylinco Insurance PLC.

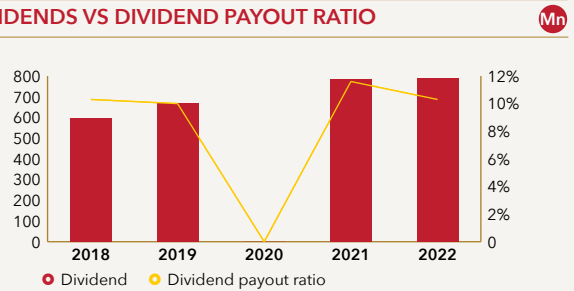
SHAREHOLDER EQUITY



Dividends and Dividend Policy

Ceylinco Life has been successful in maintaining a stable dividend policy despite uncertain economic conditions. During 2022, the company paid Rs. 787.5 Mn as dividends compared to Rs. 782.5 Mn in 2021, while generating a dividend payout ratio of 10.3%. The company reserves adequate funds for future business expansion, while maintaining a healthy percentage of dividend distribution.

DIVIDENDS VS DIVIDEND PAYOUT RATIO



CASH FLOWS

	2022	2021	Change
Cash flows from operating activities	13,718.4	15,430.5	-11.1%
Cash flows from investing activities	(10,139.0)	(18,029.5)	-43.8%
Cash flows from Financing activities	(3,989.6)	2,417.5	-265.0%

I. Operating Cash Flows

Net cash flows from operating activities declined by 11.1 % YoY to reach Rs. 13,718.4 Mn in 2022 (2021: Rs 15,430.5 Mn), primarily due to the increase in claims and benefits paid to the policyholders.

II. Investing Cash Outflows

Net cash outflows from investment activities improved by 43.8% YoY to reach Rs 10,139 Mn in 2022 (2021: Rs. 18,029.5 Mn) due to the significant increase in proceeds received from financial investments during the year. However, the consideration paid on acquiring the shares in Kings Hospital Colombo (Pvt) Ltd and the proceeds paid on acquiring financial assets partially offset this effect during the year.

III. Finance cash (outflows)/inflows

Cash inflows from financing activities decreased significantly to Rs. -3,989.6 Mn, compared to the cash inflows of Rs. 2,418 Mn in 2021. This decline was due to the settlement of the short-term loans obtained in 2021 and payment of dividends during the year.

Cash flow management to maintain an adequate liquidity level to carry out business operations smoothly amidst the uncertain economic challenges is vital to our business. Some of the key initiatives implemented with the aim of closely monitoring cash flows are listed below,

- Regular follow-up of all creditors in settling outstanding balances
- Minimising operational expenditure by embracing sustainability measures and new technology across the organisation
- Planning expenditure based on projected cash flows and trying to maintain them below or on par with budgeted results.
- Developing new life insurance products with newly added features to attract new customers e.g. Two Year Endowment Plan

- Collaborating with the Finance and Investment Divisions to ensure funds are invested in profitable investments that will yield higher returns to the company
- Timely payment of expenses to ensure the company maintains healthy relationships with suppliers to access special discounts



FUTURE OUTLOOK

- Looking ahead to 2023, we remain focused on maximizing the financial value for our policyholders by utilizing our prudent, smart and innovative financial strategies. In an environment with macroeconomic challenges likely to inhibit growth and profitability including the looming threat of global recession, and lingering COVID-19 concerns we have planned our future financial goals towards short, medium and long term by allocating the scarce financial resources to sustain our market leadership.

Short to medium term priorities

Close monitoring of the impact of rising interest rates on company’s investment portfolio, while considering tax planning opportunities and risks of potential investment losses.

Digitisation for cost optimization and capital efficiency

Utilisation of funds efficiently to maximize the returns to policyholders

Keeping updated with applicable changes in the accounting standards and tax laws

Timely and accurate reporting for the increased demand for information needs under ESG.

Long term priorities

Diversifying and managing business risk through acquisitions (strategic partnerships)

REALIGNING OUR APPROACH TO UNWAVERING COMMITMENT RETAINING MARKET LEADERSHIP

MATERIAL TOPICS

1, 4, 7

BUILT ON A REPUTATION OF EXCELLENCE, CEYLINCO LIFE HAS CONTINUED TO MAINTAIN THE LEADING POSITION IN AN INTENSELY COMPETITIVE INDUSTRY. THE COMPANY CONTINUES TO MAP AND ANALYSE TRENDS AMID AN EVER-CHANGING LANDSCAPE, WHILE SEEKING NEW AVENUES TO EXPAND AND GROW OUR PRESENCE TO ENSURE GREATER ACCESSIBILITY TO THE GENERAL PUBLIC. THROUGH IT ALL, WE ARE DRIVEN BY A COMMITMENT TO UPHOLD THE HIGHEST LEVELS OF SERVICE QUALITY AND TRUST.

OUR STRATEGIC IMPERATIVES

Key Dynamics

- The economic crisis caused considerable disruption and uncertainty, thereby transforming the public's needs and expectations
- Limited mobility due to the fuel crisis, and greater digital penetration in the wake of the pandemic
- An uncertain and volatile economy impacting stakeholder perception of the financial services industry

Emerging Needs

- An increased demand for investment products, retirement plans and adjustment of covers to address rising inflation
- A continued need for improved convenience and accessibility
- In need for stability, assurance, and trust



Our Strategy

- Improving customer convenience and reach via digitisation
- Assessing the environment to enhance our product offering
- Building our brand's reputation and trust in the market

Priority Areas for 2022

- M** Improving Convenience, Reach and Accessibility
- RI** Unrivalled Knowledge, Strategy, and Innovation
- RI** Nurturing Brand Equity

RI Ranking increased **RD** Ranking decreased **RU** Ranking unchanged **M** Modified/new focus area

DESIRED DESTINATION

To retain our leading market position and continue to nurture a brand built on helping individuals reach their goals by safeguarding their livelihoods and derisking their future.

PROGRESS IN 2022

Market leader for the 19th consecutive year	A market share of 21.4%	A brand equity rating of 4.0 and a brand rating of AA+
Adjudged Sri Lanka's Brand of the Year at the SLIM Brand Excellence Awards	Secured 11 awards	02 new products in the pipeline

Impacted SDGs:



Impacted Capitals:



“Our emergence as the market leader for the 19th consecutive year is a testament to the company's unwavering commitment to excellence and its ability to consistently deliver on its promises to customers. The recent win for Brand of the Year at the prestigious SLIM Brand Excellence Awards only reinforces the impact that the Ceylinco Life brand has made in the country, recognizing the brand's exceptional performance, strong reputation, and ability to connect with customers on a deeper level.”

Mr. E R S G S Hemachandra - General Manager - Marketing



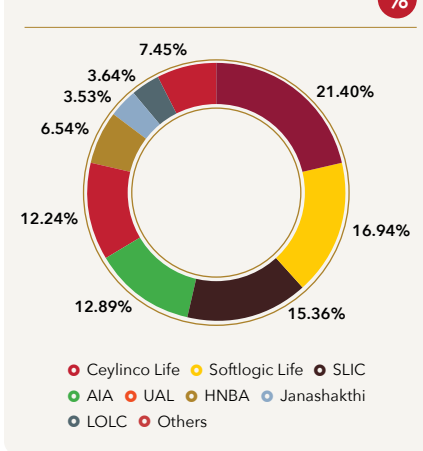
OUR APPROACH TO MARKET LEADERSHIP IN 2022

As a testament to our vision towards reaching more individuals with the message of life insurance, we achieved a market share of 21.4% in the life insurance industry, thereby retaining its market leadership position for the 19th consecutive year. Due to the nature of the life insurance industry, we continue to focus on enhancing aspects of long-term planning and future stability, even amid a volatile environment – while remaining agile and transformative in order to achieve service excellence and remain accessible to Sri Lankans from all walks of life.

DRIVERS OF MARKET LEADERSHIP AT CEYLINCO LIFE



MARKET SHARE 2022



Source : IASL Figures Q4-2022

19
Consecutive years
as Market Leader

21.4%
Market Share

The company's financial performance remained indicative of Ceylinco Life's stability even amid a challenging year and can be found on pages 239 to 240 of this report.

In line with our vision, Ceylinco Life's wide-ranging portfolio is designed and continuously updated to ensure our products and services serve the mass market, relying on customised solutions to meet their needs. Consequently, we offer products beginning from micro-insurance (for lower income segments) and investment-oriented plans (for higher income segments).

Furthermore, it is worth noting that Ceylinco Life's focus on building relationships has led the organisation to seek out new avenues to nurture its partnerships across all key stakeholder groups, as discussed on pages 38 to 46. This commitment has served to further reinforce levels of loyalty and trust.

Furthermore, in the wake of the pandemic and following improved digital penetration and a continued need for connectivity amid mobility restrictions, Ceylinco Life continued to build on and improve its existing channels to enhance customer experience and ensure uninterrupted connectivity.



RETAINING MARKET LEADERSHIP

IMPACTED SDGS:

PRIORITY AREA 01:
Improving Convenience, Reach And Accessibility

SNAPSHOT

- Obtaining complaints and requests via various customer touchpoints to determine customer needs
- Engaging in comprehensive data analytics to identify areas for improvement, and drive product innovation and process improvements
- A greater focus on investment-oriented products and retirement planning

5+ Digital Touchpoints

135 Physical Branches

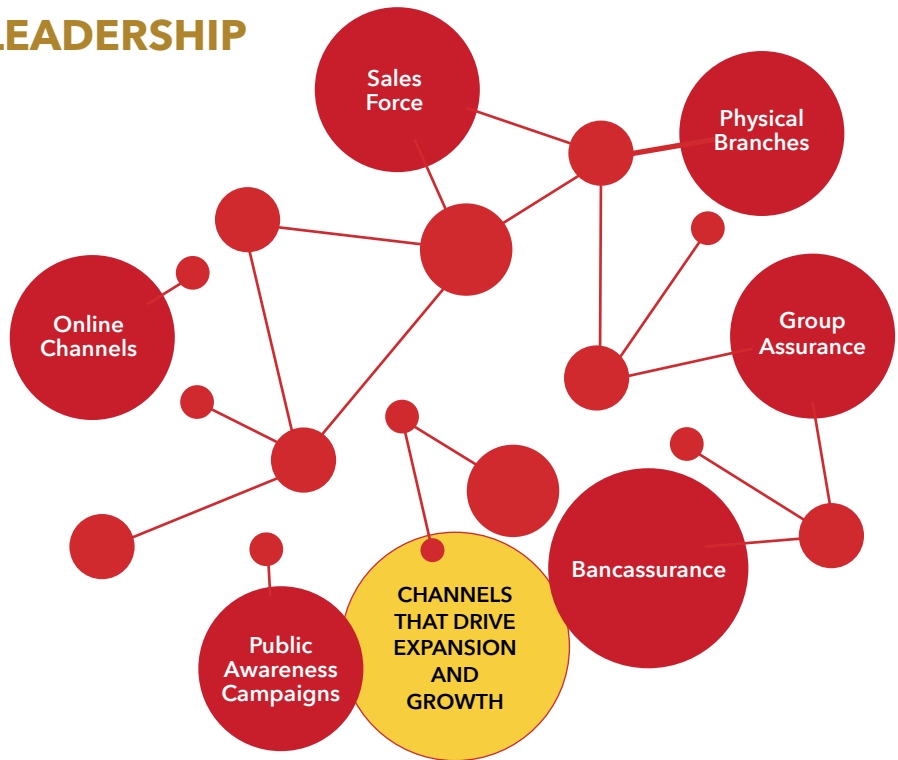
2,868 Sales Agents

THE SALES FORCE

The Ceylinco Life sales force continued to be the company's primary source of generating sales – and maintained its core purpose of canvassing and seeking out new customers and new markets conducive for growth. The company continued to improve the digital empowerment of its sales agents to ensure the entire onboarding process took place digitally and focused strongly on training and development to ensure each agent remained prepared for every eventuality. The company further relied on cross-selling and up-selling mechanisms to provide adequate life protection to customers and enhance their medical and hospitalisation covers. Further information on these initiatives can be found on pages 98 -109 of this report.

ONLINE CHANNELS

In the aftermath of the COVID-19 pandemic, and with mobility concerns arising following the fuel crisis, Ceylinco



Life continued to build on its digital transformation journey. The company revamped all its digital touchpoints, including the website, the customer payment portal, and the customer app 'Ceylife,' while enhancing its online life insurance, retirement, and investment platforms. All platforms were designed to provide a seamless onboarding experience for new customers, while offering 24/7, 365 accessibility to the public across multiple channels. The company's referral initiative continued to gain traction during the year, encouraging existing policyholders to promote Ceylinco Life's products among their acquaintances and loved ones, resulting in over 2300 referrals being initiated via the app.

The company's social media activities are aligned towards supporting these online platforms, with product promotions and traffic being directly linked to the relevant touchpoints to drive sales and increase usage. Furthermore, monthly content was created based on corporate campaigns and/or significant dates, in line with the overall corporate brand promise.

At present, all internal processes are being critically assessed to drive simplification and customer convenience, with digitalisation being a key objective for the year 2023 and beyond.

ONLINE ENGAGEMENT

- 120,322** Visitors to the Website
198,034 in 2021
- 167,949** Followers on Facebook
145,395 in 2021
- 8,908** Followers on LinkedIn
6,565 in 2021
- 2,585** Followers on Instagram
1,744 in 2021
- 1,570** Subscribers on You Tube
in 2022
- 93,373** Inquiries Via Ceylena
2,531 in 2021
- 40,000** Plus Downloads on the Customer App in 2022

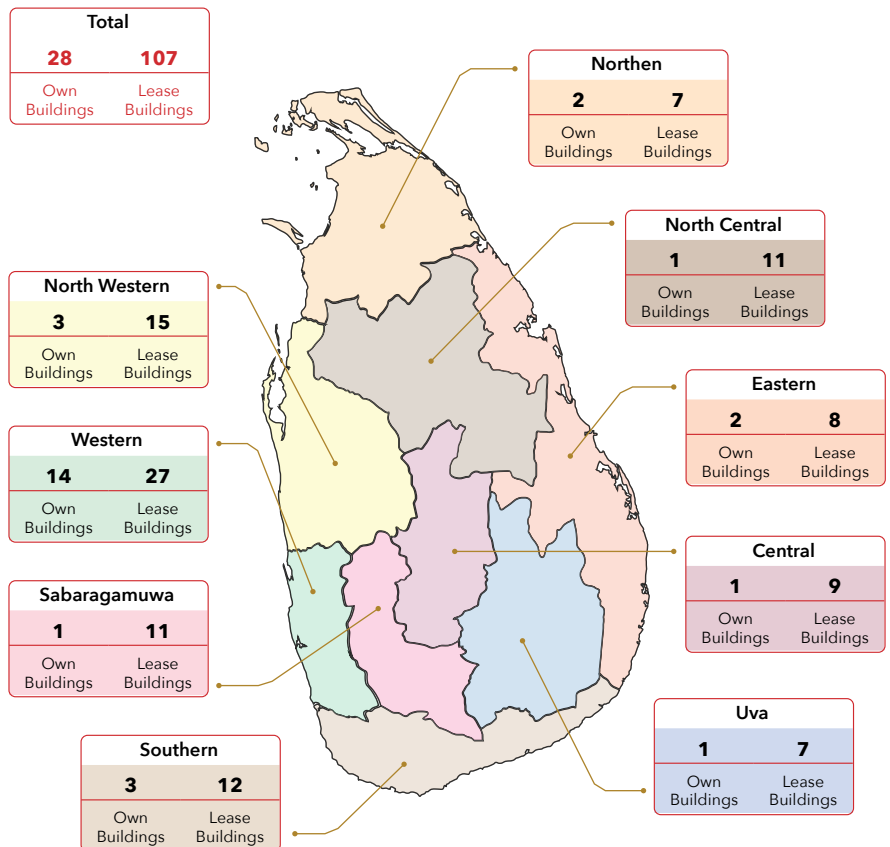


PHYSICAL BRANCHES

At present, Ceylinco Life is strengthened by an island-wide network of physical branches, which are present in every district and regional hub. As in the past, we continued to consolidate our branches while investing in company-owned buildings to improve efficiency and cost-effectiveness, and augment our capital base, resulting in a total of 135 branches, of which 107 are leased properties and 28 are owned properties. We engaged in the construction of 2 green branches during the year. Our physical presence ensures a strong sense of stability, sustainability, and brand presence, which in turn strengthens our partnerships with the surrounding community.

PUBLIC AWARENESS CAMPAIGNS

Under the Life Insurance Week, which took place between the 11th and 17th of February 2022, Ceylinco Life launched 'Sihina Sithuwam', in order to propagate the importance of life insurance and its benefits. Over 70,000 art and essay submissions were achieved via this campaign, thereby evoking a sense of hope amid adversity among future leaders of the nation. This project enabled Ceylinco Life to amass nearly 10,000 leads via online channels.



RETAINING MARKET LEADERSHIP



GROUP ASSURANCE

Ceylinco Life offers two group assurance plans, namely Suraksha and Suratha, which are designed to provide corporate customers with insurance covers against death, or disability due to an accident, in addition to extending sickness and critical illness benefits. Furthermore, the Group Retirement Plan offers a lump-sum monthly payment to a group of employees, and the Decreasing Term Assurance (DTA) plans offer loan protection to clients in the event of the untimely demise of a borrower prior to settlement.

BANCASSURANCE

Sri Lanka's banking sector comprises 25 licensed commercial banks and 7 licensed specialised banks. Ceylinco Life extends Bancassurance services to such banking clients, in order to offer a range of life insurance plans spanning Advance Payment Plans, Endowment Plans, Sipsetha Supreme and Uthum, to name a few.

IMPACTED SDGS:

PRIORITY AREA 02:
Unrivalled Knowledge, Strategy, And Innovation

SNAPSHOT

- Obtaining complaints and requests via various customer touchpoints to determine customer needs
- Engaging in comprehensive data analytics to identify areas for improvement, and drive product innovation and process improvements
- A greater focus on investment-oriented products and retirement planning
- The Smart Saver product was launched

02 Products in the pipeline

80 Processes Digitised

CREATIVITY AND INNOVATION

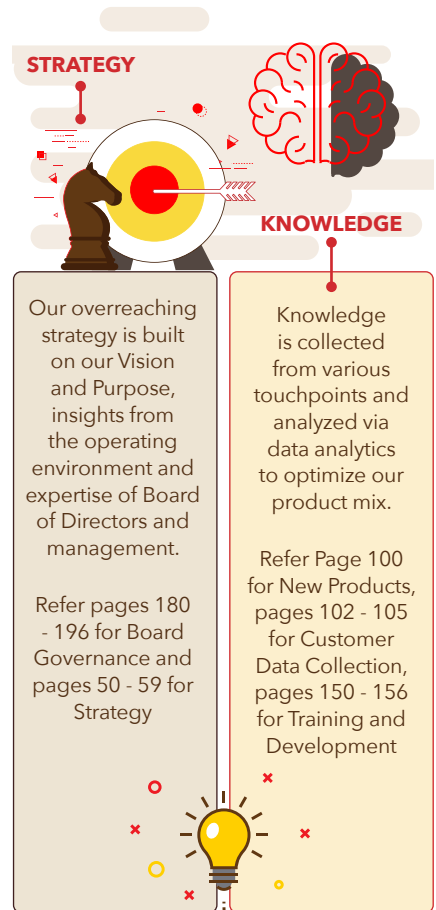
In an environment characterised by uncertainty and volatility, Ceylinco Life remained dedicated towards prioritising creativity and innovation within the organisation.

Based on an analysis of customer needs, the company focused on promoting retirement planning and investment-oriented products. Consequently, the Smart Saver product was launched in 2022 (refer page 100 for details).

Additionally, a dedicated Data Analytics Department regularly maps out trends and patterns across various business functions such as human resources, marketing, and finance, in addition to monitoring data received from sales agents and policyholders to ensure seamless operations and process efficiencies are achieved. This initiative

empowers the organisation to arrive at new products and services to address any identified gaps in the market.

We continue to assess training needs and recruit the right talent to ensure our knowledge base remains relevant and up to date. The experience and know-how of our actuarial and underwriting teams continue to support our business functions, by enabling optimisation of products and improving performance.



Our Product and Process Innovations are Driven by the Combined Strength of our Strategies and our Unrivalled Research and Development Capabilities.

Refer Pages 129 to 130 for Digital Transformation and 100 for New Product Development

IMPACTED SDGS:



PRIORITY AREA 03:
Nurturing Brand Equity

SNAPSHOT

- Acquisition of a major stake in Kings Hospital Colombo (Pvt.) Ltd to further enhance our commitment to safeguard the health of Sri Lankans
- Achieving a strong brand rating of 4.0 out of a potential 5
- Garnering a total of 11 awards, including Service Brand of the Year

Ceylinco Life's brand identity comprises the associations surrounding its name, logo, brand perceptions and affinity. Every product is defined and promoted under the overarching brand 'Ceylinco Life,' and we ensure all marketing and public communications utilise the right brand identity to ensure our messaging always remains consistent.

Our clearly defined vision, mission and values are communicated organisation-wide, commencing from the new recruits. Our principles of P.R.I.D.E. (Professionalism, Rewarding, Integrity, Dedication and Excellence) govern our every activity, ensuring that we adhere to the highest levels of quality and trust.



THE CEYLINCO LIFE BRAND

Ceylinco Life ventured into the life insurance arena in 1988, as the life insurance arm of Ceylinco Insurance PLC. The company was established as a distinctive entity with the incorporation

of Ceylinco Life Insurance Limited in 2015. Ceylinco Life is the successor of the nation's oldest life insurance company, namely the Ceylon Insurance Company, which was founded in 1939, built on a rich legacy within the local life insurance sector.

Ceylinco Life remains a fully-owned subsidiary of Ceylinco Insurance PLC, and relies on the wealth of history, knowledge, and experience of its parent company to navigate a challenging environment.

SRI LANKA'S BRAND OF THE YEAR

Ceylinco Life reached the pinnacle in brand success when it was recognised as 'Sri Lanka's Brand of the Year' - the ultimate accolade presented by the Sri Lanka Institute of Marketing (SLIM). This award validates the success of the Ceylinco Life brand by transcending brands of all sectors of business. The Company also won the Gold award as the Service Brand of the Year for the second consecutive year and the Silver for Innovative Brand of the year for its Ceylinco Life Pension Saver product.

Based on competitive criteria that included brand intent, brand content, brand process and brand performance the significance of the awards was that the brand value was measured not only on the commercial success but also on the promise and delivery to the customer. The SLIM Brand Excellence awards are considered the ultimate recognition which epitomizes the courage, dedication and perseverance marketers have demonstrated in making their brands champions.

SLIM KANTAR PEOPLES AWARD

Voted as the most popular life insurance company in 2021, the Company was presented with the SILM Kantar Award for the 16th consecutive year in March 2022. The Company has won this award since the inception of the award.

The People's Award is the result of a collaboration between SLIM and Kantar Group of UK. The winners are chosen solely by people's votes, through country-wide research conducted by

Kantar. The awards honour the country's top brands across multiple sectors each year, with respondents to the survey asked to mention their favourite brands and personalities across various categories.

ASSOCIATED BRANDS

In line with Ceylinco Life's commitment to safeguard the people's health and well-being and derisk their futures, the company holds significant investments in its two associated brands, namely Ceylinco Healthcare Services and La Serena.



Ceylinco Healthcare Services provides cutting-edge healthcare services to Sri Lankans, specialising in the detection and treatment of cancer. It is one of the best centre in the nation to offer tomotherapy, which is considered to be the world's most advanced radiation treatment for cancer today.



La Serena is an engaging senior living community which is located in Uswetakeiyawa. This resort consists of over 2 acres of luxury living with architecture that promotes relaxation and serenity for senior citizens. This picturesque resort is in close proximity to the sea with lush garden views and is equipped with a fully-accessible library, pool, gym and restaurant within the vicinity of the resort. This resort offers independent living equipped with all modern amenities to enjoy the golden years of life.

RETAINING MARKET LEADERSHIP

BRAND MESSAGING

Life insurance is often associated with negative sentiments, and therefore Ceylinco Life maintains positive messaging across the board. We adhered to this principle through our brand positioning in 2022 and continued to implement it across our communications in the year under review. Therefore, under the messaging ‘Derisking the Future,’ we are wholly focused on uplifting and inspiring the general public and our stakeholders to achieve their goals, built on the promise of a stable future with no risks.

We generated our communications in 2022, reviving our treasured Ceylinco Life Pranama Scholarship jingle.



BRAND EQUITY

In order to monitor the brand’s performance, we conduct a brand health track every quarter. Following the repositioning of our brand in 2020 the company recorded positive results,

achieving a 4.0 rating out of 5, thereby indicating a strong brand performance. Furthermore, the company enjoys 49% Top of Mind Awareness – the industry’s highest, which in turn represents the impactfulness of our communications and the positive reception by the public.

OUR STRATEGIC IMPERATIVES

FUTURE OUTLOOK

SHORT-TERM (NEXT YEAR)	MEDIUM-TERM (NEXT 2-3 YEARS)	LONG-TERM (BEYOND 3 YEARS)
<ul style="list-style-type: none"> Market leader for the 20th consecutive year Maintain ToM at above 40% More focus on health insurance plans Maintain best customer service in the industry 	<ul style="list-style-type: none"> Increase penetration in the core life insurance segment To increase the number of new customers by 10% Maintain best customer service in the industry 	<ul style="list-style-type: none"> Grow market share up to 25% while retaining market leadership Develop alternative channels Promote customer convenience by digitizing the customer journey Increase the attachment of additional benefits such as medical riders by 10% Maintain best customer service in the industry

AWARDS AND ACCOLADES

SLIM Brand Excellence - 2022



Brand of the Year



Service Brand - **Gold**



Innovative Brand - **Silver**

Corporate Reporting - 2022



CA Sri Lanka Annual Report Awards 2022
Silver in Insurance Industry



CMA Sri Lanka Excellence in Integrated Reporting Awards
Ranked among Five Excellent Reports



Great Place to Work
2022/2023



Best Corporate Citizen Sustainability
Awards - Best presented application



Most Valuable Life
Insurance Brand

Brand Finance Awards 2022 - Most Valuable
Life Insurance Brand



SLIM Kantar People's Awards 2022 - Most
Popular Life Insurance Brand



LMD - Awarded Best in Customer Service for
2022



World Finance 2022 - Insurance Award

REALIGNING OUR APPROACH TO BUILDING RELATIONSHIPS FOR LIFE

MATERIAL TOPICS

1, 2, 3, 4, 5, 6, 7

WE STRIVED TO GO ABOVE AND BEYOND OUR MANDATE TO BUILD RELATIONSHIPS FOR LIFE WITH OUR POLICYHOLDERS, BUSINESS PARTNERS AND THE COMMUNITY AT LARGE. WHILST MAINTAINING OUR MARKET LEADERSHIP POSITION WE HAVE DEMONSTRATED OUR UNWAVERING COMMITMENT TO ENGAGE AND BUILD ENDURING RELATIONSHIPS FOR LIFE. REINFORCED BY THE TRUST AND STABILITY OF OVER THREE DECADES WE HAVE ACCELERATED OUR DIGITALISATION INITIATIVES LEVERAGING OUR TECHNOLOGICAL CAPABILITIES TO ALIGN WITH THE EVOLVING ASPIRATIONS OF OUR STAKEHOLDERS WHILST POSITIONING OURSELVES AS A FUTURE-READY COMPANY.

OUR STRATEGIC IMPERATIVES

Key Dynamics

- The COVID-19 pandemic, a growing ageing population and uncertain economic conditions led many to be concerned with their health and future stability
- An increased migration towards digital platforms in the wake of mobility restrictions
- Volatile macroeconomic conditions resulting in rising inflation, curtailed spending and exposure to uncertainty and risk

Emerging Needs

- An increased demand for health-related products and services, retirement planning and investing in the future
- An ongoing need for improved convenience, accessibility and online security
- An increasing need for stability, assurance and support

Our Strategy

- Improving the customer proposition in line with evolving conditions
- Ensuring the highest levels of cybersecurity and data privacy
- Maintaining accountability, transparency and fair business practices
- Enabling higher levels of convenience and productivity with IT
- Rewarding and recognising sales agents to enable their progress
- Upskilling sales agents to ensure their growth and advancement
- Building a healthier, safer nation by protecting communities
- Nurturing the future generation through unhindered education
- Maximising productivity
- Relying on transparency and ethical supplier relations to build trust

Priority Areas for 2022

M	Supporting Customer Needs	POLICYHOLDERS
RU	Customer Privacy and Data Security	
RU	Ethical, Responsible Business Operations	
RU	Protection, Health and Well-being	COMMUNITY
RU	Education and Future Progress	
RI	Digital Empowerment	SALES AGENTS
M	Enabling Growth and Progress	
RU	Training and Development	
M	Resource Optimisation and Flexible Policies	SUPPLIERS
RI	Quality Assurance and Best Sourcing Practices	

RI Ranking increased RD Ranking decreased RU Ranking unchanged M Modified/new focus area

DESIRED DESTINATION

To build long-term, mutually beneficial partnerships that ensure the organisation's long-term sustainability and growth.

PROGRESS IN 2022

153,580 new policies issued in 2022	Rs. 60 Mn invested in cybersecurity and digitisation	Zero incidents of non-compliance
24 hours of training and development per sales agent	Rs.5.4 Mn invested in community-related initiatives	Rs. 3,452 Mn disbursed to suppliers

Impacted SDGs:



Impacted Capitals:



“Ceylinco Life's leadership in the industry has been underpinned by its focus on building enduring relationships with its customers, sales agents, business partners and the community at large. This steadfast commitment has been recognised by the Sri Lankan public, who have voted Ceylinco Life as the most popular and loved brand in the country. Moving forward, Ceylinco Life will continue to strive to add value to its diverse relationships through innovative platforms, a superior service, and a deep understanding and responsiveness towards their needs and aspirations.”

Mr. E R S G S Hemachandra - General Manager - Marketing



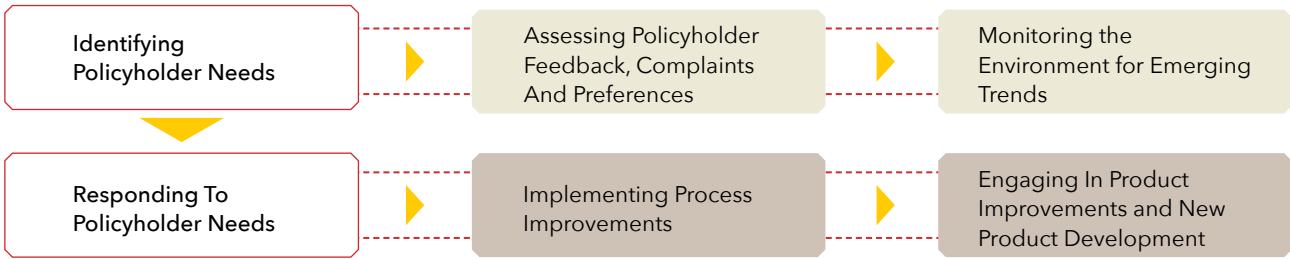
OUR APPROACH TO POLICYHOLDER MANAGEMENT IN 2022

MATERIAL TOPICS

1, 4, 5, 6, 7

Ceylinco Life’s policyholders are intertwined with the organisation’s success and continuity, and the company therefore prioritises their needs at all times. In order to do so, Ceylinco Life engages in continuously monitoring and responding to policyholder feedback and complaints, while assessing the local and global environment for emerging trends.

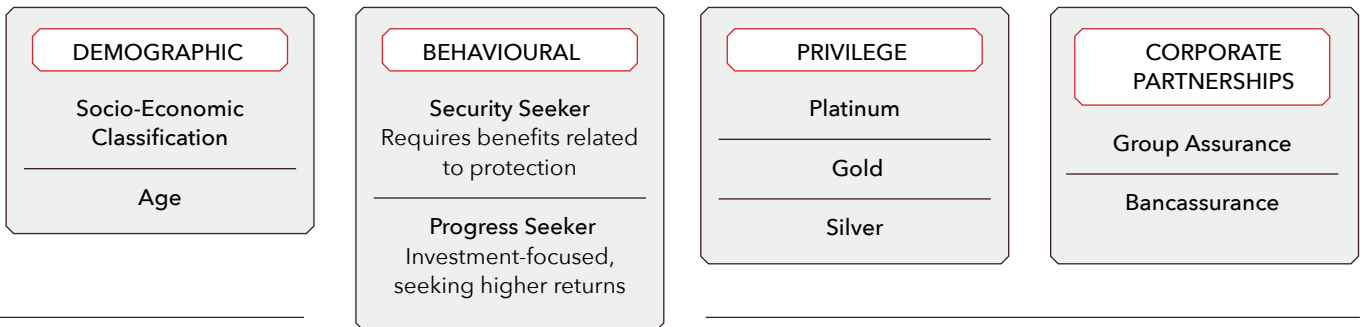
Following the onset of the economic crisis and its ensuing impacts on mobility and the cost of living, Ceylinco Life reassessed its overall proposition in order to address customer needs. Accordingly, the following aspects were prioritised during the year:



Building strong relationships with policyholders is indeed crucial for life insurance companies, as it helps in retaining customers and increasing customer loyalty. Tracking key metrics for policyholders is crucial for insurance companies to stay competitive and provide the best possible services to their customers. It helps in identifying areas of improvement, understanding customer needs, and ultimately ensuring customer satisfaction and loyalty.

Built on the purpose of derisking the future, Ceylinco Life offers a comprehensive portfolio of products and services that support policyholders and their loved ones at every stage of their journey. Over the years, the company has successfully derisked over 1 Mn lives by sharing the message of life insurance and planning across the island – while enabling individuals to achieve their goals and safeguard their futures.

The company identifies and classifies its customers based on the policyholder segmentation outlined below:



The company primarily engages in classifying its policyholders based on demographics and behaviour. Furthermore, the company classifies high net-worth customers as ‘Privilege Customers’, and formed the Premium Club in order to reward them via a series of programmes. Such customers are segmented further into Platinum, Gold and Silver categories, which are defined on the basis of premium amount and number of years spent with Ceylinco Life. Members of the Premium Club receive a range of gifts and benefits on an annual basis.

Category	Eligible Number of Members for Year 2022	Eligible Number of Members for Year 2023	Rewards For Premium Club Customers
Platinum	181	207	Welcome Gift for New customer/ Birthday Cake Customer get-together/ Annual Gift (End of the year)
Gold	90	116	Welcome Gift for New customers/ Birthday cake Customer get-together/ Annual Gift (End of the year)
Silver	342	432	Welcome Gift for New customers/ Birthday cake Kandy Perahera/ Annual Gift (End of the year)

IMPACTED SDGS:

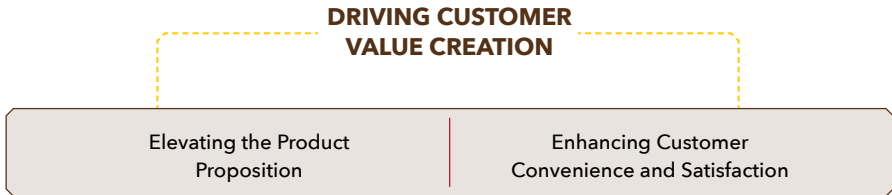
PRIORITY AREA 01:
Supporting Customer Needs

SNAPSHOT

- Ceylinco Life continued to monitor policyholder needs via continuous communication and cutting-edge research and analytics.
- The company focused on offering retirement plans and investment-oriented plans with shorter terms and attractive returns, while improving the life cover to address the rising cost of living.
- A strong digital platform continued to support customer convenience and address concerns raised by the crisis.

Rs. 4.5 Bn Bonuses Offered to Customers

25,226 New Customers Onboarded



ELEVATING THE PRODUCT PROPOSITION

Ceylinco Life continued to map and monitor emerging trends and customer needs by maintaining continuous communication with policyholders at every stage of their life cycle, while conducting comprehensive research and analytics to derive a strategic response.

CONTINUOUS COMMUNICATION	
Comprehensive Policy Review	An comprehensive annual review of all policies is conducted to ensure the company remains apprised and updated with respect to any changes in the policyholders’ lives, and suggest revisions to their policies to accommodate the same.
Policy Anniversary Review	Commencing a feedback system via SMS initiated on every policy’s anniversary to obtain customer feedback and suggestions for improvement.
Follow-Up Mechanisms	Following each interaction with the call centre, the customer is routed to a feedback extension to ensure the customer reached an acceptable resolution to their concern, and are satisfied with the service received.
Up-selling and Cross-Selling	The Special Projects Unit oversees customer satisfaction across all branches, and is responsible for pursuing prospects for up-selling and cross-selling to existing policyholders. The purpose of this approach is to offer adequate life protection to our policyholders and enhance the medical or hospitalisation covers.
Customer Relationship Officer	In order to increase the engagement with the customers, the concept of Customer Relationship Officer (CRO), has been introduced at the branches, in addition to the Life Insurance Advisors. The main responsibility of the CRO is to maintain continuous engagement with the customers to identify service gaps and to ensure the continuity of the policies in force.
An Integrated Communications Platform	The company upgraded the call centre to a contact centre towards the latter part of the year, thereby enabling improved facilities for customers and driving improved visibility and a speedier response time.

OUR APPROACH TO POLICYHOLDER MANAGEMENT IN 2022

CONTINUOUS COMMUNICATION	
RESEARCH AND ANALYTICS	
Research and Product Development	A dedicated product development team is in place, representing a cross-section of key departments. is assigned to propose new products or amendments to existing products. Regular meetings are conducted monthly with the management to table suggestions. All new products are developed on the basis of potential client needs or stages within the life cycle. Research is conducted regularly or on a project-basis where pertinent.
Data Analytics	The company relies on a dedicated data analytics unit to assess customer trends and preferences, and identify insights to develop future strategies.

Amid a challenging year, Ceylinco Life continued to offer a wide-ranging product portfolio

spanning solutions related to protection, health, retirement and endowment. The company ensures that at every stage policyholders receive a distinctive experience that prioritise convenience, personalised service and continuous support. The following products were offered to customers during the year under review:

OFFERING IMPROVED BENEFITS

In the view of prevailing socioeconomic dynamics, the company witnessed an increased demand for investment-related products. Therefore Ceylinco Life prioritised offering retirement plans and investment-oriented life plans with shorter terms and attractive interest rates to its policyholders. Accordingly, the company launched Smart Saver, a relaunch of an existing product with a short-term plan offering high interest rates, while extending the term on the Health Support Plus plan to attract a younger customer base.

Protection for the Future	Ensuring a Secure Retirement	Securing the Education of Future Generations	Creating an Insurance Platform for Women	Family Takaful Plans	Promoting Inclusivity through Micro-insurance	Other Products
Ceylinco Life Endowment	Ceylinco Life Retirement Plan	Education Protector	Ceylinco Life Saubhagya	Family Takaful Pilgrimage Plan	Ceylinco Life Pradeepa	Ceylinco Life Family Protection Benefit
Ceylinco Life Advance Payment	Ceylinco Life Pension Saver	Ceylinco Life Ran Daru		Family Takaful Education Plan		Ceylinco Life Family Digasiri Plus
Ceylinco Life Smart Protection	Ceylinco Life Smart Saver	Ceylinco Life Degree Saver				Ceylinco Life Major Surgery Benefit
Ceylinco Life Supreme		Ceylinco Life Sipsetha				Ceylinco Life Family Hospital Cash Benefit
Ceylinco Life Uthum						Ceylinco Life Extra Cover
Ceylinco Life Double Growth						Ceylinco Life Jeewa Yathra
Ceylinco Life Future Saver						Ceylinco Life Health Support Plus
						Ceylinco Life Family Income Benefit
						Ceylinco Life Yugadivi

Furthermore, to address the rising cost of living and the devaluation of existing benefits, the company augmented the life covers of its existing policyholder base.

The company's actuarial department played an integral role in determining products that would ensure increased protection and higher returns amid a highly volatile market. The department engaged in a comprehensive assessment of the value of new business; consequently advising the senior management regarding an optimised product mix that would be beneficial to the customer and the organisation, while ensuring the organisation's stability in the medium to long term.

PROMOTING INCLUSIVE PRODUCTS

In striving to take the message of life insurance to every Sri Lankan, Ceylinco Life continues to extend products to individuals from every walk of life and thereby address their varying needs. The economic crisis continued to place pressure on certain policyholder segments, and thus the company continues to promote inclusivity via its product portfolio. Accordingly, the company provided essential support to rural communities through its micro-insurance products.

Ceylinco Life Saubhagya continued to support women who play integral roles as mothers, breadwinners, daughters, leaders and strong independent personalities who often face challenges on a daily basis. This curated insurance plan takes their needs and challenges into consideration and continues to support them, in order to enable the growth and advancement of the 21st-century woman.

CEYLINCO LIFE - PRODUCTS FOR WOMEN AND EDUCATION WHY WOMEN NEED LIFE INSURANCE

Sri Lanka's female population is 51.58% in 2019 (Source Source: Registrar General's Department of Census & Statistics Department). However only 1 out of 3 women in Sri Lanka is economically active. Often the Sri Lankan female's non-economic contribution to the family and society is not financially measured. Ceylinco Life believes that life insurance can offer women greater financial independence whilst creating access to better health and wellbeing. . With this in mind Ceylinco Life's Saubhagya, an insurance product that caters to only to women, who play a crucial role as mothers, breadwinners, daughters, leaders, and strong independent. We understand that women make many sacrifices whilst balancing personal duties and progressing in career ambitions.

Ceylinco Life conducted an awareness programme on the theme "Why Women Need Life insurance" to commemorate the International World Women's Day, which fell on the 8th March. Following activities conducted celebrate the Women's Day.

- Sending flyers as a message to the husband, talking about why his wife needs life insurance.
- A video to explain how the Saubhagya product can support women, through a fictional life story.
- Branches were educated to conduct awareness programme in branch level targeting females at their region.
- Personalised flyers were introduced to reach out to female customers and create product awareness.



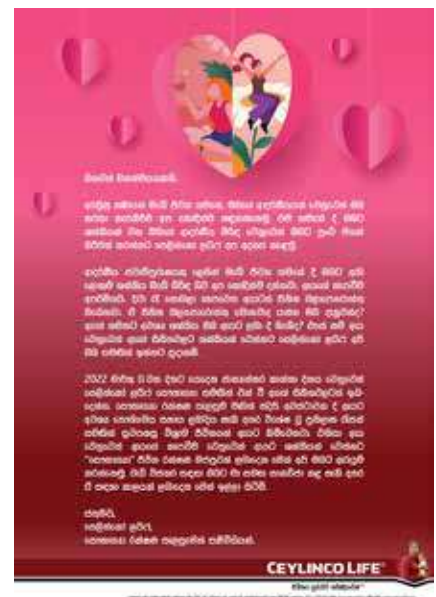
Life Insurance Cover for the Wonder Woman in you.

International Women's Day 2022

Life Cover during this period - Rs.

Amount	Beneficiary	Withdraw
Life Cover	Beneficiary of the sum of Rs. 100,000	Beneficiary of the sum of Rs. 100,000
Health Care Payment	Beneficiary of the sum of Rs. 100,000	Beneficiary of the sum of Rs. 100,000
Monthly Benefit	Beneficiary of the sum of Rs. 100,000	Beneficiary of the sum of Rs. 100,000
Life Cover Limit	Beneficiary of the sum of Rs. 100,000	Beneficiary of the sum of Rs. 100,000
Monthly Benefit Limit	Beneficiary of the sum of Rs. 100,000	Beneficiary of the sum of Rs. 100,000

CEYLINCO LIFE
A Relationship For Life™




OUR APPROACH TO POLICYHOLDER MANAGEMENT IN 2022



CUSTOMER ENGAGEMENT

Despite the impacts of the economic crisis, the company continued to conduct its flagship programmes, namely Ceylinco Life Pranama Scholarship and the Ceylinco Life Family Savari. These programmes have continued to forge strong brand affinity levels and longstanding bonds between the company and policyholders and serves to fulfil Ceylinco Life’s principle of building relationships for life.

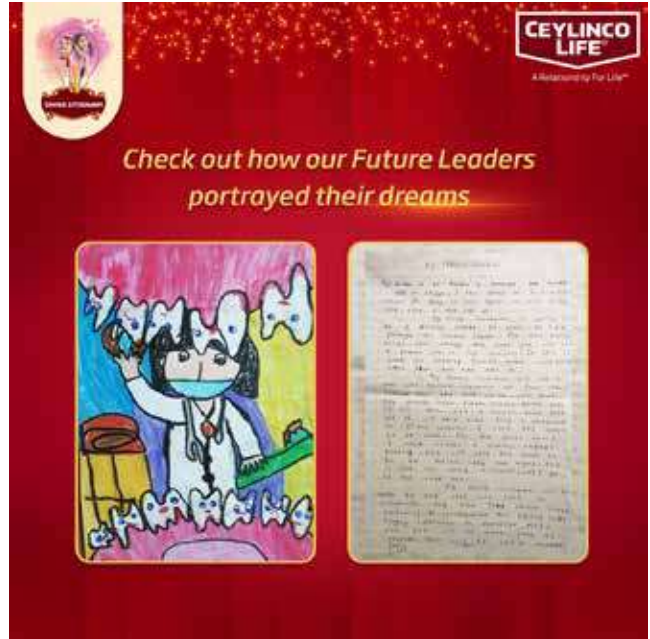
OUR STRATEGIC IMPERATIVES

PROGRAMME	PURPOSE	BENEFICIARIES	IMPACT OF THE ECONOMIC CRISIS	IMPACT
Ceylinco Life Pranama Scholarships	Provides the necessary financial support to help the future generation reach their full potential.	Scholarships presented to children of policyholders who achieve the highest results at the Grade 5 scholarship, the G.C.E. O/L and the G.C.E. A/L examination. The scholarships are also extended to children who reach national or international standards in the fields of drama, sports, art or innovation.	The event was conducted virtually, rather than on a physical basis. Link to QR code for the event Refer folder 	3034 children benefitted since 2002 Rs. 177 Mn awarded since 2002 Rs. 11 Mn disbursed in 2022
Ceylinco Life Family Savari	A pioneering loyalty programme, and one of the largest reward systems offered by any life insurer in Sri Lanka to promote and recognise loyal customers.	Over 600 active policyholders are selected over the course of six bi-monthly draws, with over 100 customers chosen at each draw.	Prior to the pandemic and the economic crisis, policyholders were offered rewards including foreign tours with the family, with the prize determined based on premiums. The company offered gold rewards during the pandemic – however, due to the shortage of gold in the market in 2022, the company transferred equivalent cash rewards to the selected winners.	1056 policyholders benefitted in 2022 Rs30.3 Mn awarded in 2022 730 policyholders have toured over 12 counties

Ceylinco Life continued to maintain and upgrade its communication channels during the year. The company revamped all its digital touchpoints in 2022, including the launch of a new website, a new customer payment portal, better online life insurance, retirement and investment platforms, customer app. All platforms are aligned to provide ease and security to customers to enable the payment of their premiums and check their policy details, etc.

Due to observed customer trends and in order to engage with the emerging youth market, the company focused on building its social media communications. All social media activities are aligned towards supporting traffic towards these platforms, and products are promoted to increase usage.

The company creates monthly content based on corporate campaigns and/or hallmark days which are in line with the overall corporate brand promise. Sales and lead generation activities were also conducted in the form of Sihina Sithuwam in the period between February and March, with the company amassing over 10,000 leads purely from online channels, and gather over 70,000 art and essays from the public for the purpose of the competition.



ENHANCING CUSTOMER CONVENIENCE AND SATISFACTION

The company launched a Doorstop Claim Process to address mobility concerns during the year. A dedicated Claim Monitoring Unit is responsible for handling the entire process from the point of the initiation of a claim to the issuance of the payment. Accordingly, the unit deploys a member to collect the necessary documents from the policyholder and subsequently monitors and follows up on the process until a resolution is reached.

Furthermore, due to challenges in canvassing new business during the year, the company relied on virtual channels to engage with customers. For example, the company's referral system continued to make strides during the year, while sales agents engaged in virtual presentations and e-submissions to connect with potential customers.

A comprehensive list of channels available to customers is available on page 90 of this report.



OUR APPROACH TO POLICYHOLDER MANAGEMENT IN 2022

Customer Satisfaction Score on Policy Anniversary

Year	Rating					Total
	1	2	3	4	5	
2022	172	131	319	466	859	1,947

Door Step Claim Process - Customer feedback

Year	Death Claims	FDB Claims	HSP Claims	Total
2022	1,777	447	323	2547

92% Excellent Service	8% To be improved
------------------------------	--------------------------

Branch Walking Customer Satisfaction Survey

Branch Walking Customer Satisfaction Survey- April to September

Year	No. of Policies
2022	620

91% Excellent Service	9% To be improved
------------------------------	--------------------------

Summary

Project	No of Policies
Customer Satisfaction Score on Policy Anniversary	1,947
Door Step Claim Process	2,547
Branch Walking Customer Satisfaction Survey	620
Total	5,114



A STRONG DIGITAL PLATFORM

With the rapid growth of technology during the COVID-19 pandemic, Ceylinco Life continued its journey to enhance its digital presence throughout the year, while relying on its existing platform and capabilities to offer value to its customers. As a result, the entire sales process was digitised during the year. These measures ensured continued connectivity and operations amid the mobility restrictions owing to the fuel crisis, thereby ensuring customer service remained uninterrupted.

OUR STRATEGIC IMPERATIVES

ENABLER

Improved Digital Capabilities

BENEFITS

Continuous connectivity and accessibility
Seamless operations
Faster turnaround and a speedier response
Risk mitigation and minimised errors

OUTCOME

Maintaining Customer Satisfaction and Convenience

The company continued to pursue digitisation by enforcing all submissions to be made electronically across the organisation. Additionally, the following new initiatives were introduced to ensure customer satisfaction and convenience were maintained:

INITIATIVE

Automation of Temporary Receipts

IMPLICATIONS AND BENEFITS

When a payment is made to a sales officer, the process to issue a temporary receipt was previously time-consuming and less secure.

With this initiative, the entire process became automated and monitored, and as a result, temporary receipts can be issued in real-time via a paperless process.

All developments are entered online via a centralised system to enable greater visibility and security. For example, when a sales agent collects the payment, the customer receives an OTP to ensure verification and authenticate the transaction.

INITIATIVE	IMPLICATIONS AND BENEFITS
Virtual Presentations and Interviews	Empowered by the web-based quotation system and e-submissions, sales agents were able to approach customers via virtual presentations. Agents can submit proposals during the interview process and thereby streamline the application process.
eKYC (Electronic Know Your Customer)	All customers are to be screened via eKYC which serves to streamline the process of verifying the customer's identity in line with regulatory guidelines. The company completed and collected eKYC forms from each customer during the course of the year to facilitate this service.
Introduction of a Contact Centre	Migration from a legacy system to a new platform that offers improved facilities to customers, such as offering connectivity via multiple channels and the integration of all complaints and inquiries to a single platform that offers improved visibility and therefore efficiently addresses all concerns and provides faster resolution times.
Automatic Policy Issuance	Previously, policy proposals were manually assessed; however with the introduction of an automated rule engine, proposals are validated automatically via the system, thereby fast-tracking the process to ensure its completion without a delay
Automatic SMS Status Alerts	Status alerts are issued to sales agents to enable follow-ups on policyholders.

IMPACTED SDGS:

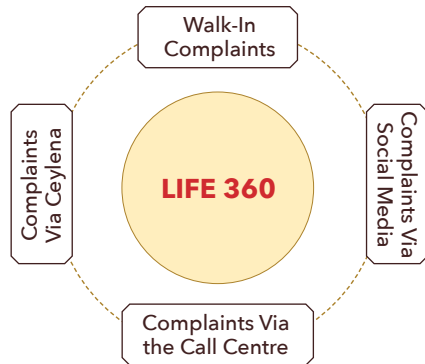
PRIORITY AREA 02:
Customer Privacy And Data Security

SNAPSHOT

- The company is at present assessing its alignment with the new Personal Data Protection Act No. 9 of 2022.
- Ceylinco Life continues to improve its security mechanisms and build preparedness against external threats.
- The company continued to strengthen its internal processes to drive greater data security.

CUSTOMER COMPLAINT MANAGEMENT

All complaints received from customers are recorded in the company's CRM platform, LIFE360o, with each record to be assigned with a Service Level Agreement (SLA). Complaints are addressed according to the stringent Complaint Management Policy, which is hosted in the corporate website for the benefit of customers. All complaints are closely monitored to provide a timely solution, within the stipulated SLA.



The CRM issues a series of steps to address all complaints within the IRCSL benchmark, i.e., 14 days from the time of origin. A unique tag is allocated, thereby enabling policyholders to monitor the progress of their complaint's resolution. During the year there were no complaints nor breaches of customer privacy and loss of customer data.

0	Complaints Brought Forward from 2021
420	Complaints Received in 2022
419	Complaints Resolved in 2022
01	Complaints Carried forward to 2023

At present, the company conducts management meetings on a bi-weekly basis, where customer inquiries pending over a period of 7 days are escalated and monitored closely at the Chairman's level.

As an organisation that engages with a large policyholder base, Ceylinco Life possesses sensitive data that is essential to discharge its duties as an organisation, and identify and understand customer needs.

Empowered by its mission to build trust and safeguard lives, the company values its customers' privacy and security – prioritising the protection of their personal information and confidentiality at every stage of the life cycle.

All personal information is therefore governed by stringent protection policies and is shared with employees on a needs-only basis. The organisation automates the process of contacting policyholders and ensures a significant portion of the number is masked to ensure their privacy is maintained. Designated staff members are in place for each customer to avoid dissemination of information, while facilitating easy monitoring and accountability.

OUR APPROACH TO POLICYHOLDER MANAGEMENT IN 2022

DATA PRIVACY

The company is presently assessing its alignment with the newly introduced Personal Data Protection Act No. 9 of 2022, directed to be implemented within organisations within the course of the next 3 years. In line with this Act, the company has initiated a number of procedures to date, including obtaining approval from customers prior to releasing their data for external research purposes.

Furthermore, the company has in place Data Leakage Prevention mechanisms, and strongly adheres to a Data Classification Policy in order to ensure sensitive data is not released beyond its intended audience.

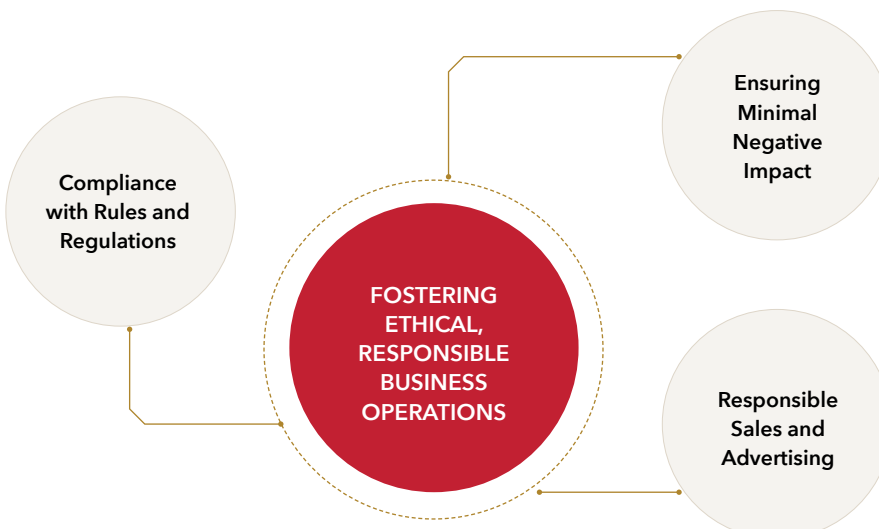
CYBERSECURITY

The company continued to maintain and upgrade its cybersecurity mechanisms to support its digital journey and protect its system from external and internal vulnerabilities. Following a consultation with a third-party expert, the company's policies are now developed in line with the ISO 27001 standards, and Ceylinco Life will continue to audit and assess the effectiveness of these policies regularly. The company further conducts regular cybersecurity drills to ensure preparedness to emerging threats in cyberspace.

Ceylinco Life has further taken tangible steps to improve its preparedness and responsiveness to cyberattacks, malware and ransomware attacks, and strengthen its systems as outlined in page 132 of this report.

A few highlights are outlined below:

- Adherence to ISO 27001 Standards
- Engaging with third-party experts to conduct comprehensive vulnerability and risk assessments
- Conducting penetration testing to identify vulnerabilities in the system
- Monitoring activities of external service providers and vendors on internal servers
- Commencing a transition into a real-time monitoring system



IMPACTED SDGS:

12

16

PRIORITY AREA 03:
Ethical, Responsible Business Operations

SNAPSHOT

- Ceylinco Life maintained compliance with the IRCSL in all its communications and business activities.
- The company introduced several processes and policies to mitigate the risk of fraudulent activity.
- Ceylinco Life ensures its negative impact is minimal in discharging its duties as a responsible organisation.

- 0 Breaches of Customer Confidentiality
- 0 Cyber attacks

As an organisation built on trust, Ceylinco Life prioritises the fulfilment of its duties in an ethical and responsible manner. The company focuses on three key aspects in this regard:

COMPLIANCE WITH RULES AND REGULATIONS

The company continued to comply with the comprehensive regulations outlined by the Insurance Regulatory Commission of Sri Lanka (IRCSL). Accordingly, all details pertaining to new products are shared with the regulatory body for approval prior to its launch. Any queries or concerns raised are addressed by means of a compliance system and a pre-defined process within the organisation that evaluates the response's accuracy prior to submission. Ceylinco Life's response to the regulatory environment is outlined in page 45 of this report.

The company did not report any incidents of non-conformity with regulations and voluntary codes of conduct during the year under review.

No incidents of non-compliance with respect to the phrase should be product and service information and labeling or their health and safety impacts were reported during the year.

During the year, the IRCSL issued a directive pertaining to guidelines related to advertising, which the company implemented accordingly.

RESPONSIBLE SALES AND ADVERTISING

Due to customer interactions predominantly taking place with sales agents who serve as the primary point of contact, the company faces potential exposure to the risk of fraudulent activity. The company enforces the following processes and policies to mitigate the risk of such events occurring:

Policies	<p>The concept of Treating Customers Fairly (TCF) ensures that all employees and sales agents are governed by stringent controls and policies to prevent any form of preferential treatment, dishonesty or injustice.</p> <p>An Anti-Corruption and Bribery Policy approved by the Board of Directors is in place and provides clear guidelines on recognising and addressing issues related to bribery and corruption. The company maintains a zero-tolerance approach towards bribery and corruption, and the policy expressly forbids any policyholder transactions which could either be considered a bribe, or deemed to be dishonest. Further issues outlined in the policy include activities related to conflicts of interest and entertainment and gifts.</p>
Processes	<p>Underwriters are allocated at random via an automated process to minimise the risk of fraudulent activity.</p> <p>All sales agents are undergo continuous training related to business ethics and values, and are required to complete examinations related to anti-money laundering practices and other irregularities.</p> <p>The Collection Sheet Automation Process continued to be in effect, mitigating the risk of fraudulent activities arising from transactions between the customer and the sales agent. This was further reinforced by the introduction of the Temporary Receipt Automation Process.</p>
Monitoring and Review	<p>A dedicated Business Intelligence team proactively monitors policyholder interactions by independently contacting customers to identify any discrepancies and irregularities. This enables the company to remedy any breaches in business conduct or exploitation of policyholders.</p> <p>All policy documents are continuously reviewed to ensure greater transparency and clarity, based on feedback obtained from the sales team and the customers.</p> <p>All marketing communications are reviewed by the CEO prior to release.</p>
Transparency and Disclosures	<p>All advertising and promotional material visibly include all disclosures mandated by the IRCSL, and are forwarded to the regulatory body for reviewing purposes.</p> <p>All policy terms and conditions are made easily accessible on the website for the benefit of policyholders.</p> <p>Tele-underwriting takes place to ensure customers are fully cognisant of the product and its benefits.</p>

There were no incidents of non-compliance concerning marketing communications during the year. Similarly, there were no legal actions against the Company for anti-competitive behavior, anti-trust, and monopoly practices during 2022.

OUR APPROACH TO POLICYHOLDER MANAGEMENT IN 2022

CREATING VALUE FOR OUR POLICYHOLDERS

OUR STRATEGIC IMPERATIVES

Initiative	Impact on Value Creation												
<p>E-submission of proposals Investment - Rs 52 Mn</p>	<p>Quicker turnaround for policy issuance if no other complexities are present</p> <div style="border: 1px solid #c00000; padding: 5px; margin-top: 10px;"> <p style="text-align: center; color: #c00000; font-weight: bold;">PROPOSAL PROCESSING TIME</p> <table border="1"> <caption>PROPOSAL PROCESSING TIME (Days)</caption> <thead> <tr> <th>Proposal Type</th> <th>Processing Time (Days)</th> </tr> </thead> <tbody> <tr> <td>Manual Proposal</td> <td>6</td> </tr> <tr> <td>e-proposal</td> <td>3</td> </tr> </tbody> </table> </div>	Proposal Type	Processing Time (Days)	Manual Proposal	6	e-proposal	3						
Proposal Type	Processing Time (Days)												
Manual Proposal	6												
e-proposal	3												
<p>Revamping of internet payment gateway (IPG) Investment - Rs 2.2 Mn</p> <ul style="list-style-type: none"> Shifted from PHP to Java platform for enhanced security New features added such as payment of premium for multiple policies, setting up recurring payments and standing orders. 	<p>Enhanced security for online transactions</p> <p>Enhanced customer experience</p>												
<p>New branch constructions and branch renovations</p>	<p>Wider geographical reach and more prominent physical presence</p> <div style="border: 1px solid #c00000; padding: 5px; margin-top: 10px;"> <p style="text-align: center; color: #c00000; font-weight: bold;">INVESTMENT IN BRANCH CONSTRUCTION AND RENOVATIONS (Mn)</p> <table border="1"> <caption>INVESTMENT IN BRANCH CONSTRUCTION AND RENOVATIONS (Mn)</caption> <thead> <tr> <th>Year</th> <th>Investment (Mn)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>240</td> </tr> <tr> <td>2019</td> <td>90</td> </tr> <tr> <td>2020</td> <td>155</td> </tr> <tr> <td>2021</td> <td>255</td> </tr> <tr> <td>2022</td> <td>75</td> </tr> </tbody> </table> </div>	Year	Investment (Mn)	2018	240	2019	90	2020	155	2021	255	2022	75
Year	Investment (Mn)												
2018	240												
2019	90												
2020	155												
2021	255												
2022	75												
<p>SMS temporary receipts (TR) Investment - Rs 2.5 Mn</p>	<p>As opposed to conventional TRs which can be exploited to commit fraud, SMS TRs largely reduces incidence of fraud.</p>												
<p>Ceylife Digital App</p>	<p>Self-care based customer service that reduces hassle to customers</p> <div style="border: 1px solid #c00000; padding: 5px; margin-top: 10px;"> <p style="text-align: center; color: #c00000; font-weight: bold;">CEYLIFE APP DOWNLOADS</p> <table border="1"> <caption>CEYLIFE APP DOWNLOADS</caption> <thead> <tr> <th>Year</th> <th>Downloads</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>12,500</td> </tr> <tr> <td>2022</td> <td>33,000</td> </tr> </tbody> </table> </div>	Year	Downloads	2021	12,500	2022	33,000						
Year	Downloads												
2021	12,500												
2022	33,000												

Initiative	Impact on Value Creation
Pranama scholarships	Scholarships awarded to policyholders' children will help them become future leaders
New Central Life Operation Unit (CLOU) system	Faster policy issuance Better communication and connectivity with sales force
Policy acknowledgement process	Aligned with industry practice Use of SpeedPost for better transparency in policy acknowledgement
E-policies in decreasing term assurance (DTA)	Faster delivery of policies to banks and financial institutions Manual policy - within 2-3 days e-policy - Less than 1 minutes

ENSURING MINIMAL NEGATIVE IMPACT

Ceylinco Life strongly believes in conducting its affairs in a responsible manner, and therefore works towards minimising its negative environmental impact, while safeguarding communities and the welfare of its employees. Further details regarding these initiatives can be found on pages 133 - 143, 110 - 113 and 149 of this report.

Initiative	Impact on Value Creation
E-submission of proposals Investment - Rs 52 Mn	Saving in paper consumption

PAPER SAVING THORUGH E-SUBMISSION

Year	Sheets of Paper Saved
2021	300,000
2022	430,000

FUTURE OUTLOOK

SHORT-TERM (NEXT YEAR)	MEDIUM-TERM (NEXT 2-3 YEARS)	LONG-TERM (BEYOND 3 YEARS)
<ul style="list-style-type: none"> Obtain customer feedback from over 40% of the base 	<ul style="list-style-type: none"> Increase social media presence Introduce new customer apps 	<ul style="list-style-type: none"> Use AI and data analytics to improve customer service

OUR APPROACH TO COMMUNITY ENGAGEMENT

MATERIAL TOPICS

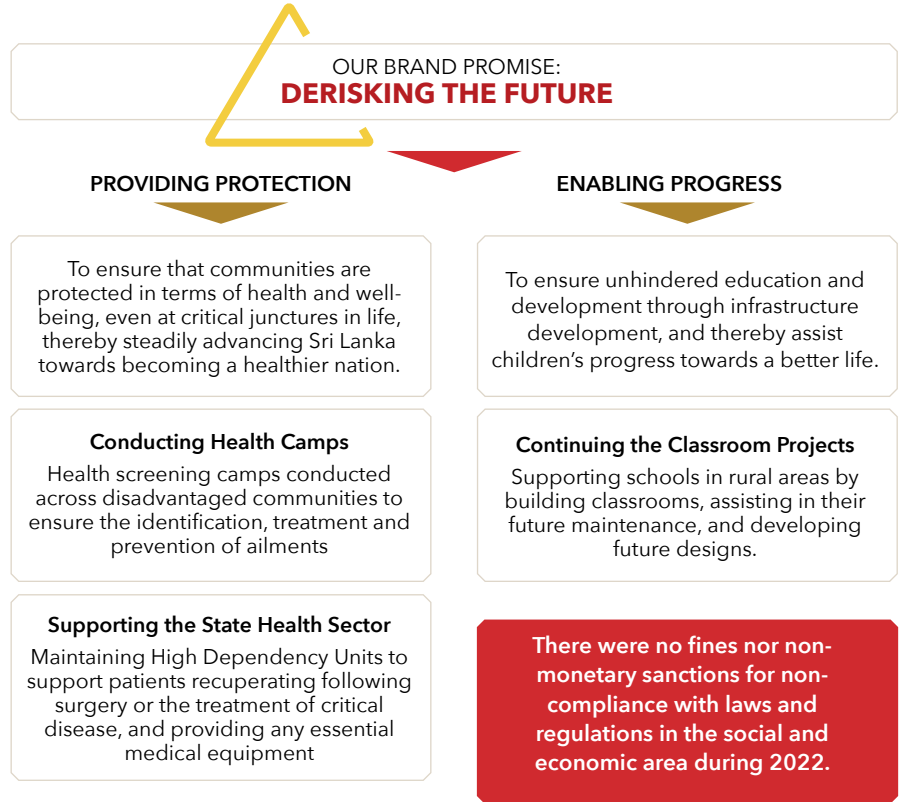
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AS A BRAND BUILT ON DERISKING LIVES AND ENSURING THE PEOPLE'S HEALTH AND FUTURE GROWTH, CEYLINCO LIFE'S UNDERLYING PURPOSE AS ALWAYS, REMAINED ON OFFERING PROTECTION AND PROGRESS TO ITS STAKEHOLDERS. IN LINE WITH OUR BRAND PROMISE, WE CONTINUED IN OUR UNWAVERING EFFORTS TOWARDS UPLIFTING THE NATION'S HEALTHCARE AND EDUCATION SECTORS DURING THE YEAR UNDER REVIEW.

This commitment is deeply entrenched into the organisation's goals, as evidenced by our employees' involvement in every community-based initiative we undertake. Empowered by its island-wide network, the company relies on its employees to identify and source communities in need of support. Proposals are submitted to the management for their consideration and approval, with employees involved throughout the project's execution.

Despite escalating costs and mobility restrictions following the economic crisis, Ceylinco Life continued to uphold its commitment, and reassessed its objectives and realigned its plans for community engagement accordingly.

As the impacts of the COVID-19 pandemic began to subside, the company recommenced its health camps, in addition to engaging in the maintenance of the High Dependency Units previously installed by Ceylinco Life in the preceding years.



OUR STRATEGIC IMPERATIVES

EMPLOYEE INVOLVEMENT

2,060 Man Hours Invested in CSR Projects

IMPACTED SDGS:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

PRIORITY AREA 01: Protection, Health And Well-Being

HEALTH CAMPS

The company's health camps, known as 'Waidya Hamuwa' were a resounding success. 7 health camps were conducted during the year, with over 1,360 lives covered.

There were no fines nor non-monetary sanctions for non-compliance with laws and regulations in the social and economic area during 2022.





CHALLENGES FACED:

- Rising inflation and the fuel crisis saw the cost of conducting health camps increase by 100%.
- Many areas faced difficulties due to intermittent curfews, lockdowns and mobility restrictions

Our Response:

- The company accommodated the cost of inflation and conducted health camps towards the latter part of the year to enable maximum attendance

PERIOD	PROGRAMME LOCATION	DISTRICT	BRANCHES INVOLVED
April 2022	Rajamaha viharaya Dehiwata, Trincomalee.	Trincomalee	Kantale
May 2022	Sri Ganavimalaramaya Nugyaya wellawaya	Monaragala	Wellawaya
May 2022	Nedigamvila Primarily School Tissamaharama	Hambantota	Tissamaharama
September 2022	Gonagala Temple - Madawalapatha	Matale	Matale
September 2022	Welivita Sangaraja School	Kandy	Rambukkana and Pilimathalawa
December 2022	Atharagalla Wijisiri Sumangala Temple	Kurunegala	Galgamuwa
December 2022	Dharamarama Temple Wellawawa	Puttalam	Anamaduwa

OUR STRATEGIC IMPERATIVES

633
Blood sugar tests done

459
Cholesterol tests done

113
People prescribed for spectacles

471
ECG tests

853
Participants whose vision tested

57
Tests done to identify chronic kidney diseases

Note :This test was conducted in North western and North central province locations only



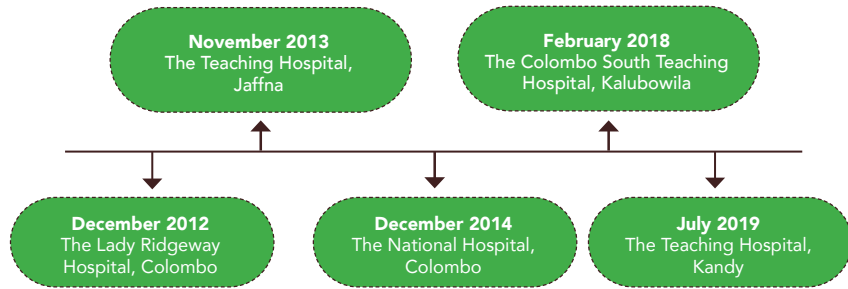
SNAPSHOT

- Conducted 07 Waidya Hamuwa Programmes during the year
- Continued to maintain High Dependency Units across 05 hospitals within the state health sector

OUR APPROACH TO COMMUNITY ENGAGEMENT

MAINTAINING HIGH DEPENDENCY UNITS

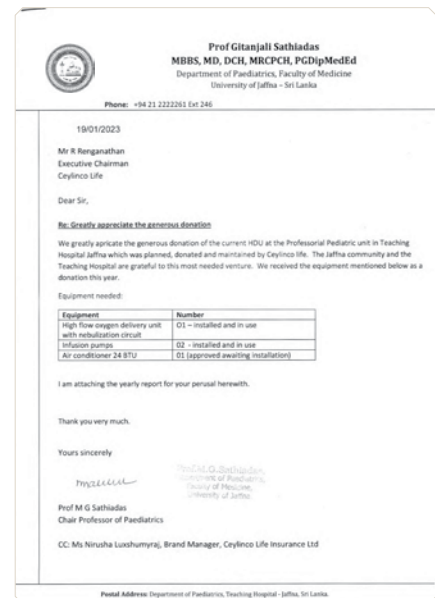
As in the past, we continued to contribute towards upgrading and maintaining the equipment of the 5 High Dependency Units established by the company across 5 state hospitals to ensure their long-term benefits. These units support intensive post-operative care, ensuring that a patient's condition can be closely monitored at all times in order to enable recuperation. The company has a dedicated three-member team allocated towards monitoring the respective needs of these units ,



and ensuring their timely maintenance, with regional managers engaged in identifying and reporting feedback from the hospitals on an annual basis.



Team dedicated to support the HDUs handing over the equipment at the Lady Ridgeway Hospital.



OUR STRATEGIC IMPERATIVES

3,573	Lives Covered
Rs. 2.84 Mn	Invested in Health-Related Projects
85	Classrooms built since the year 2004
569	Children impacted through the projects initiated over completed in 2022
Rs. 2.64 Mn	Invested in Education Related Projects.
08	Classrooms Painted in 2022

CHALLENGES FACED:

- Escalating material costs and transport costs resulted in an exponential increase in the cost of constructing classrooms
- Considerable delays were experienced due to school closures, rising inflation, unavailability of suppliers and mobility restrictions

Our Response:

- The company reassessed and approved the revised project investment to be aligned with escalating construction costs in order to ensure seamless execution once conditions were stabilised
- The company recommenced class room painting projects toward

CONTINUING THE CLASSROOM PROJECTS

IMPACTED SDGS:

PRIORITY AREA 02: Quality Education

SNAPSHOT

- 2 class rooms were completed and donated in 2022
- 449 students were benefited in 2022



The Company completed 2 class rooms in the regions of Sevanagala and Horana during 2022. The Company was further successful in completing a classroom in Kalutura district. Another classroom in badulla district is in progress to be completed in the second quarter of the year.

During the year, Ceylinco Life received applications for over 32 class rooms, which underwent a stringent vetting process. 3 class room proposals were shortlisted and will be formally announced in 2023.

In addition, Ceylinco Life identified 30 class rooms in need of maintenance and therefore recommenced the classroom painting project. 76 staff members from branches were involved in this project and 8 class rooms were completed during the year.

collaboration. Company employees visit schools in their vicinity, engage closely with them to identify their needs, and are involved in obtaining the necessary permits to commence construction. The Horana classroom project was a unique example of this collaborative spirit, with the entire community and the parents of the children joining hands to provide the necessary labour to ensure the project's completion.



THE POWER OF COLLABORATION

Each classroom project initiated by Ceylinco Life exemplifies the power of partnership and stakeholder



OUR STRATEGIC IMPERATIVES

FUTURE OUTLOOK

SHORT-TERM (NEXT YEAR)	MEDIUM-TERM (NEXT 2-3 YEARS)	LONG-TERM (BEYOND 3 YEARS)
<ul style="list-style-type: none"> Construct 3 classrooms Support 10 previously donated classrooms with refurbishments 	<ul style="list-style-type: none"> Construct up to the 95th classroom Support to set up a vegetable garden in school premises. 	<ul style="list-style-type: none"> Construct up to the 110th classroom Set up company-maintained smart classrooms in under-privileged areas

OUR APPROACH TO MANAGING SALES AGENTS

MATERIAL TOPICS

3, 6

WITH APPROXIMATELY 2,868 INDIVIDUALS WITHIN ITS PURVIEW, CEYLINCO LIFE ENGAGES WITH THE LARGEST TEAM OF FULL-TIME SALES AGENTS IN THE SRI LANKAN LIFE INSURANCE INDUSTRY. AS AN INTEGRAL LINK BETWEEN THE COMPANY AND THE POLICYHOLDER, THE SALES FORCE OFTEN SERVES AS THE FACE OF CEYLINCO LIFE AND IS RESPONSIBLE FOR GENERATING NEW BUSINESS LEADS BY IDENTIFYING OPPORTUNITIES TO SELL LIFE INSURANCE PLANS AND RETIREMENT PLANNING SOLUTIONS BASED ON CUSTOMER NEEDS. THE TEAM IS FURTHER INVOLVED IN FACILITATING POLICY RENEWALS AND CLAIM SETTLEMENTS.

The sales force is armed with two key objectives, namely to drive organisational growth via sales, while maintaining the highest standards of service excellence. The company therefore focuses on hiring the right talent based on qualifications and the need of the locality, with the recruitment process handled by the Management of the respective branches located across the island.



OUR STRATEGIC IMPERATIVES

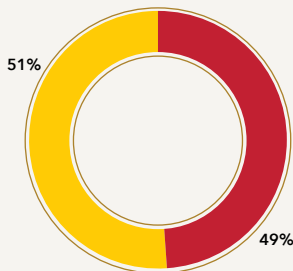
GENDER PARITY

As in the past, the company continued to maintain a sales force that is predominantly female, with a male to female ratio of.

49:51

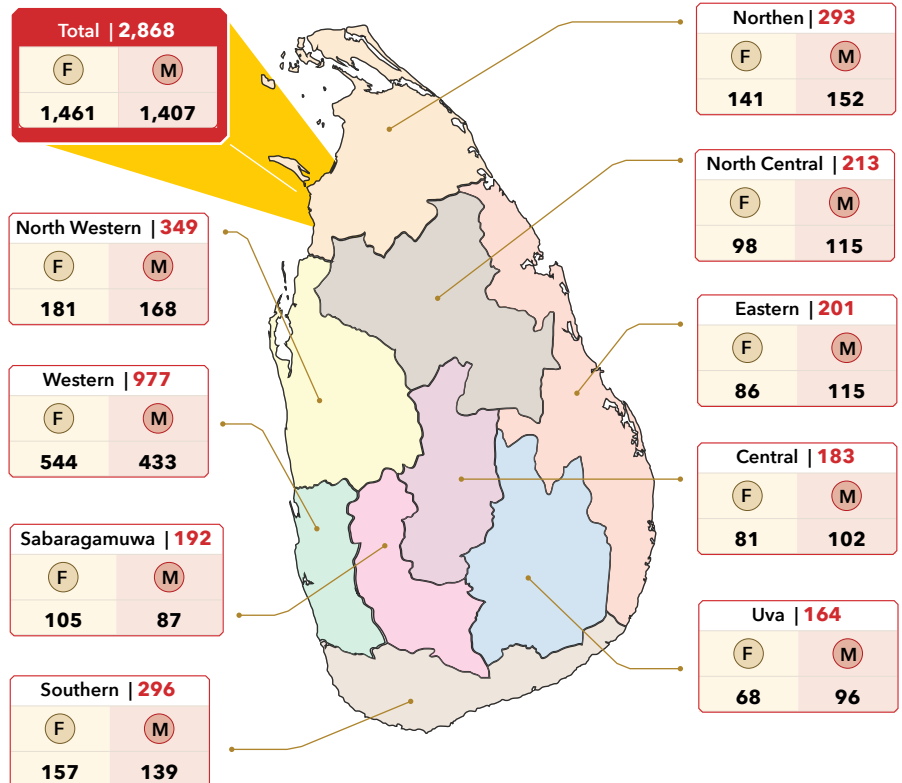
1,407 Male Sales Agents
1,461 Female Sales Agents

GENDER PARTY IN SALES FORCE



Male Female

Sales Agents by Gender and Province





2,868 Sales Agents

135 Branches In Our Network

977 Independent Contractors in the Western Province

IMPACTED SDGS:

PRIORITY AREA 01: Digital Empowerment

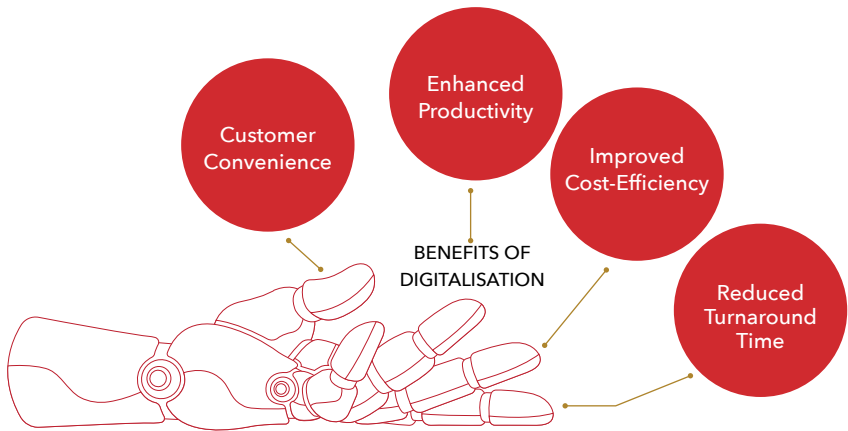
SNAPSHOT

- Digitalisation of the referral collection process and temporary receipt generation
- E-submissions proposals are encouraged across all policies issued by the organisation (96.2% through e-submission)

LKR 4.5 Mn
Invested in Digitalisation Initiatives

96.2%
of Insurance Proposals Submitted Online

SALES AGENTS BY AGE GROUPS										
Age Category	2022					2021				
	F	M	Total	F	M	F	M	Total	F	M
18-25	226	240	466	48%	52%	478	396	874	55%	45%
26-35	337	358	695	48%	52%	459	397	856	54%	46%
36-45	411	425	836	49%	51%	467	461	928	50%	50%
46-55	331	236	567	58%	42%	261	372	633	41%	59%
56 and above	156	148	304	51%	49%	147	145	292	50%	50%
Total	1,461	1,407	2,868	51%	49%	1,812	1,771	3,583	51%	49%



With the pandemic and the subsequent surge in digitalisation, Ceylinco Life continued to enhance its digital journey. These initiatives enabled business continuity even amid intermittent lockdowns and the mobility restrictions that prevailed during the year.

Digitalisation has played an integral role in the life insurance industry, with technology ensuring that sales agents remain up-to-date, while extending unmatched convenience to customers and enhancing both cost-efficiency and the overall sales process. Due to the improved productivity levels achieved by the company's sales force through digitalisation and the introduction of E-agents, Ceylinco Life was able to offset the negative manpower growth experienced during the year.

- The company has successfully empowered the sales force with uninterrupted access to all essential information via tabs, smart phones and laptops. Furthermore, all heads of branches are equipped with tabs or laptops.
- Ceylinco Life's intranet is one of the most efficient platforms available to the sales force. All members of the team can securely access the company's intranet with ease.
- E-submissions were made mandatory across the organisation, with platforms related to referrals and collection in place to ensure the entire sales process was digitalised.
- The sales force was equipped with a digital diary to ensure easy monitoring and planning.

OUR APPROACH TO MANAGING SALES AGENTS



- In order to seamlessly connect with potential and current customers amid lockdowns and the fuel crisis, the sales force engaged in virtual presentations.
- To enable greater convenience, customers were encouraged to make payments online.
- The company closely monitored and followed up on the pre-sales process via an internal system to assess the quotations issued and proposals introduced to potential prospects.
- The company digitalised the referral collection process via the Ceylife app, ensuring greater transparency, convenience and quality business lead generation.



2,303 Number of Online Referrals	127 Number of Policies Issued from Referrals	2,650 Number of New Lead Generators	117 Number of tabs issued during the year	2,214 Number of tabs used by Sales agents
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OUR STRATEGIC IMPERATIVES

IMPACTED SDGS:

8 **DECENT WORK AND ECONOMIC GROWTH** | 10 **AFFORDABLE AND CLEAN ENERGY**

PRIORITY AREA 02: Enabling Growth and Progress

SNAPSHOT

- Providing coaching and counselling programmes to enable sales agents to navigate a challenging environment
- Revising the criteria for incentives, performance grants and business development grants to motivate and support
- Conducting the annual awards ceremony and mid-year awards ceremony, while extending cash rewards and representation on global platforms.

Incentives and Rewards Extended to Sales Agents

Rs. 346 Mn

- 02** Counselling and Coaching Programmes Conducted
- 111** Promotions
- 161** Agents Qualified for MDRT Status
- 626** Awards Distributed
- 357** Agents Recognised at the Awards Ceremonies

Our sales agents play a pivotal role in business operations, and therefore the company has continued to develop strategies to empower, communicate, reward and motivate the sales force, thereby enhancing the levels of customer service provided to our valued policyholders.

CHALLENGES FACED:

- The sales force was exposed to wide-ranging challenges during the year under review, particularly due to the economic crisis and its impact on purchasing power and consumer spending. Furthermore, competitor poaching and low retention rates negatively impacted the company, with each agent representing a considerable investment of time, finance and organisational resources.

Our Response:

- Ceylinco Life therefore initiated a number of mechanisms in order to provide a sense of stability, while empowering, motivating and encouraging the members of the sales force to navigate change:



Rewards Granted to Extra Ordinary Performers	
Package / Ticket	Count
Package Tour to Malaysia	14
Package Tour to China	7
Package Tour to Singapore	4
Package Tour for a Star Cruise	30
Air Ticket to Malaysia	1
Air Ticket for a Star Cruise	16
Air Ticket to China	6
Total	78

- Due to economic constraints, no tours were conducted. However the equivalent cash reward was granted to the 78 agents deemed eligible for foreign tours. Cost of the said arrangement is Rs. 13Mn.

	Value (Rs.)
Individual	9,184,180
Family	3,867,550
Total Cost	13,051,730

PERFORMANCE-BASED REWARDS

A performance-based rewards and recognition system ensures that the productivity and efficiency of the sales force is maintained in a fair and equitable manner. As a result of this commitment, in 2022, over 300 agents within the sales force participated in the Annual Awards ceremony, with 467 awards distributed among 253 winners. The Mid-year Awards ceremony was held in September 2022 and 159 awards were distributed among 104 winners.

During the year, 2 sales agents represented the company in the Million Dollar Round Table (MDRT), an international forum representing excellence in the insurance industry. A total of 161 agents qualified for MDRT status in 2022.

In order to ensure continuous engagement and satisfaction, any concerns are brought to the notice of the organisation via a structured grievance handling process, with numerous channels available to the sales agents.

- The company intranet provides instant recognition and motivation for high performers and winners of the competitions conducted weekly and monthly.
- Revision of criteria for incentives and grants to extend benefits to a wider population of the agency force.

- Reinforcing the mental well-being of the sales force through counselling programmes and positive messages.
- Hiring third party trainers from overseas to coach and guide the sales force via Zoom.
- Guiding and educating both new recruits and senior members of the sales force with new ways to approach customers and encourage business growth in a constrained market.



OUR APPROACH TO MANAGING SALES AGENTS

IMPACTED SDGS:

PRIORITY AREA
03: Training And Development

SNAPSHOT

- 80% training programs conducted virtually due to travel restrictions.

Rs. 42 Mn Invested In Training and Development

500 Training Programmes Conducted

24 Training Hours per Sales Agent

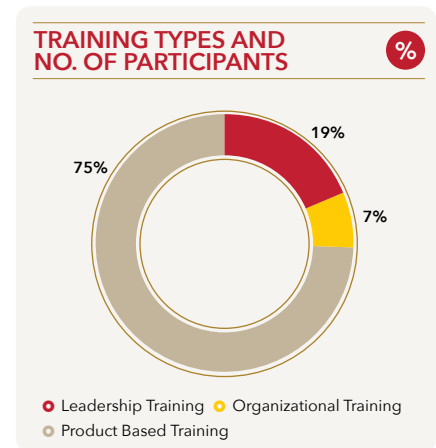
10,527 Participants

As the sales force promotes and sells purely intangible products, technical knowledge is a prerequisite for all agents at Ceylinco Life.

As the sales force promotes and sells purely intangible products, technical knowledge is a prerequisite for all agents at Ceylinco Life. Therefore, all members of the sales force are well-versed in specifications and benefits of each product, and undergo comprehensive training prior to venturing into the field.

The company identified and addressed a number of training gaps during the year, as evidenced by the introduction of leadership training programmes. Furthermore, the company initiated

activity-based training in order to measure and ascertain each sales agent’s knowledge and understanding of the respective subject matter. Following the conclusion of a programme, each sales agent is expected to complete an assignment, with their performance graded to determine the effectiveness of the training.



OUR STRATEGIC IMPERATIVES

PRODUCT-BASED TRAINING

- Pre-contract training. 49-hour self-paced training module
- SLII training module and licensing examination - a regulatory requirement, for which training is provided via a 4-5 day self-paced training module
- Refresher training programmes to ensure the knowledge and skills of the sales force remains up-to-date. A minimum of 40 training credits must be achieved in order to be eligible for promotions and rewards.

LEADERSHIP TRAINING


- Leadership training continued during the year to address any gaps in leadership capabilities.

ORGANISATIONAL TRAINING

- On-boarding of sales agents is achieved via an orientation training programme
- The programme is conducted at the end of the 2nd month from the time of a sales agent joining the organisation
- Insights are provided regarding the company culture, policies, systems and procedures to ensure alignment with the organisation’s vision

TRAINING TYPES AND NO. OF PARTICIPANTS

Name of Training	Type of Training	No. of Training Programmes	No. of Hours per Training	No. of Participants
Sales Refresher Training	Product Based Training	100	5	4,078
Basic Sales Skills Training	Product Based Training	131	5	2,227
Skill Sharpening Training	Product Based Training	43	24	592
Underwriting Service Exam Refresher Training	Product Based Training	3	5	480
Special Rider Training	Product Based Training	4	5	468
Leadership Skills Training	Leadership Training	31	5	768
Head of the Branches Training	Leadership Training	16	5	204
Cross Roads Training	Leadership Training	118	5	518
Management Training	Leadership Training	27	32	168
Coaching Session - MBDs	Leadership Training	2	12	37
Ceylinco Life Field Officers' Professional Development Course (CFPDC) Briefing Session	Leadership Training	2	3	107
Potential Leaders' Programme	Leadership Training	2	8	151
Business Intelligence Training	Organizational Training	2	2	18
Agent Orientation	Organizational Training	17	5	607
Training on Agency Management	Organizational Training	2	5	104


FUTURE OUTLOOK

SHORT-TERM (NEXT YEAR)	MEDIUM-TERM (NEXT 2-3 YEARS)	LONG-TERM (BEYOND 3 YEARS)
<ul style="list-style-type: none"> Digitalize 85% of sales force Average training hours per sales agent - 30 per annum Increase man power by 10% 	<ul style="list-style-type: none"> Digitalize 90% of sales force Average training hours per sales agent - 35 per annum Increase man power by 5% 	<ul style="list-style-type: none"> Maintain sales force digitalization at least 95% Maintain average training hours per sales agent at 40 Increase man power by 5%

SUPPLIERS AND BUSINESS PARTNERS

MATERIAL TOPICS
4, 6

OUR APPROACH TO MANAGING SUPPLIERS AND BUSINESS PARTNERS

AT CEYLINCO LIFE, OUR AIM IS TO NURTURE MUTUALLY BENEFICIAL RELATIONSHIPS WITH OUR SUPPLIERS AND BUSINESS PARTNERS, IN ORDER TO ENSURE WE ARE ABLE TO UPLIFT THEIR LIVELIHOODS AND SUPPORT THEIR GROWTH. CEYLINCO LIFE CONSEQUENTLY ENGAGES CLOSELY WITH ITS SUPPLIERS TO DRIVE ASPECTS OF QUALITY, COMPLIANCE, TRANSPARENCY, ETHICAL STANDARDS AND CONTINUOUS COMMUNICATION, WHILE STRIVING TO MAINTAIN COMPETITIVE, COLLABORATIVE AND LASTING PARTNERSHIPS.

HOW WE PARTNER WITH OUR SUPPLIERS

Our policy is to maintain long-term relationships with the suppliers and work with a limited number of business partners.

We do not use the credit facilities and always try to settle supplier invoices within seven days. Specially during the crisis period, we made a special effort to protect our suppliers by way of supporting their working capital requirements by providing advance payments and immediate invoice settlements.

We always strive to get small-scale suppliers to their next level by encouraging them to submit their proposals / estimates for comparatively larger projects.

The Company encourages contractors who have been with the company for a long period and have been doing small projects to compete with larger companies.

The company is wholly committed to providing equal opportunities across a wide spectrum spanning large corporates and small-scale suppliers. Ceylinco Life's supplier partnerships vary in size, scale and duration. In terms of rented buildings, the organisation maintain contracts ranging from 3-5 years with lessors who manage the maintenance of the leased properties, while contracts with air conditioner suppliers are reviewed for renewal annually. The fleet of vehicles are managed and maintained by external entities, and the company works alongside small-scale suppliers for janitorial services.

HOW WE MANAGE OUR SUPPLIERS

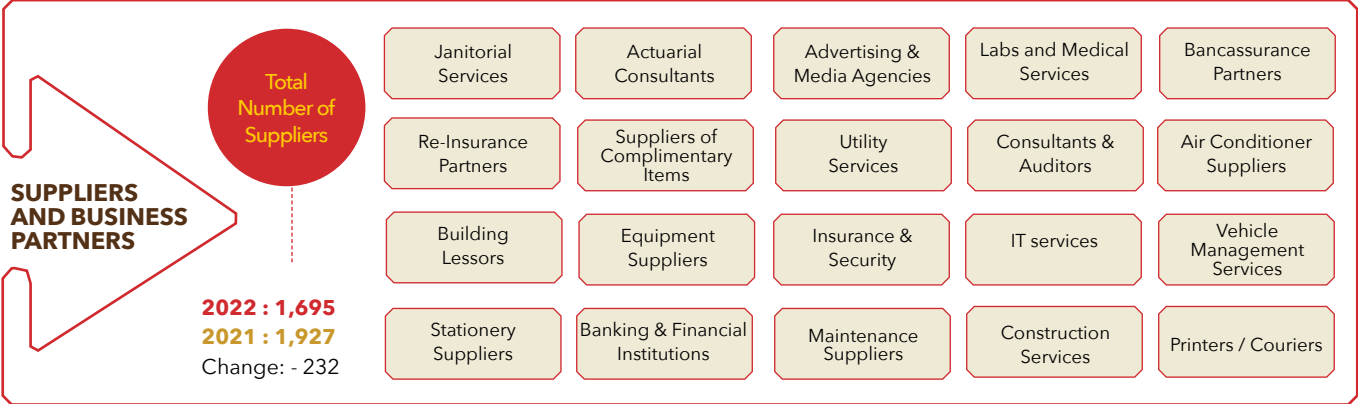
As a result of the financial crisis, we changed the order quantity of printing and other complimentary items based on the suppliers' production capacity and accepted part deliveries as suppliers were unable to continue their productions due to scarcity of materials.

Sourcing entrepreneurs at regional level for janitorial services, servicing air conditioners and other civil work, finding new service providers regionally and allocating them services which used to be handled centrally to minimize fuel wastage are some of the initiatives implemented during 2022. However, due to the challenging macroeconomic environment the company was compelled to re-evaluate its supplier base and engage in cost-effective practices during the year.

OUR STRATEGIC IMPERATIVES

Impacted SDGs	VALUE FOR SUPPLIERS	VALUE FOR COMPANY	VALUE FOR SOCIETY
	Engage with limited suppliers with long term relationships	Reliability and quality service Confidence on business operations	Collaborative approach on Company value creation activities
 	Direct suppliers towards best business practices and environmentally friendly operations	Quality & timely service	Develop skilled labour & business processes Encouraging re-use of materials
	Create opportunities for regional level suppliers	Quicker service Cost rationalization	Supporting regional level development Minimizing waste of fuel and time
 	Strengthening capabilities of small scale suppliers by sharing knowledge Work with small scale suppliers and give them opportunities to work with large scale corporates e.g. preparation of quotes or BOQs, signing service contracts, training on use of banking facilities and digital transformation.	Easy negotiation process Cost rationalization	Open avenues for small scale suppliers

1,682 Local Suppliers **13** International Suppliers **740** New Suppliers



IMPACTED SDGS:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

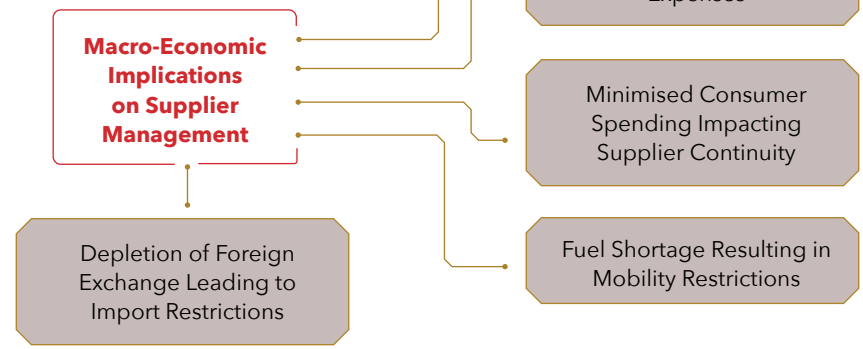
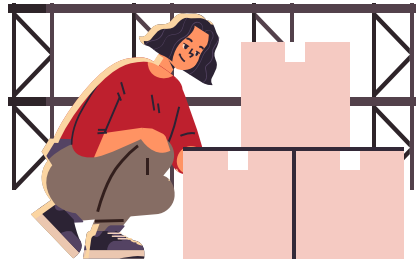
PRIORITY AREA
01: Resource Optimisation and Flexible Policies

SNAPSHOT

- Strategically managed and guided suppliers to drive responsible consumption of resources
- Continuous support to suppliers through flexible policies and timely settlements
- Engaging in partnerships with multiple suppliers to address the shortage of goods

Rs. 3,154 Mn Payments made to Local Suppliers
91%

Rs 298 Mn Payments made To International Suppliers
9%



HOW WE MANAGED OUR SUPPLIERS DURING CHALLENGING PERIOD

Due to the constraints arising from global and domestic macroeconomic conditions, many suppliers continued to face challenges in terms of both sustaining their businesses and sourcing goods and raw materials.

The combined impact of digitalisation initiatives, the depletion of foreign exchange, supplier closures and the escalating cost of goods, led the company's supplier relations to be rationalised and re-assessed during the year.

Shortage of paper and increased prices posed a significant challenge to the production of our complimentary items, which were deemed necessary due to customer demand. The shortage of fuel further impacted transport and fleet management, while construction costs continued to rise. In consideration of these factors, Ceylinco Life continued to closely engage with its supplier base to drive resource optimisation, while ensuring supplier partnerships were maintained wherever possible.

OUR APPROACH TO MANAGING SUPPLIERS AND BUSINESS PARTNERS

The following steps were taken to optimise resources and offer flexible policies with respect to supplier relations during the year:

- Guiding logistics providers in terms of route optimisation
- Modifying the design of complimentary items and gifts to minimise resource usage, i.e., re-using the existing cover of the organiser and providing customers with refills
- Consolidating and minimising the production of complimentary items to ensure responsible usage of paper
- Providing timely advances to suppliers on request to ensure continued support
- Having back-up suppliers to ensure continuous supply of goods and raw materials
- Maximising digitalisation initiatives to minimise usage of paper
- Negotiating with suppliers to settle payments in local currency

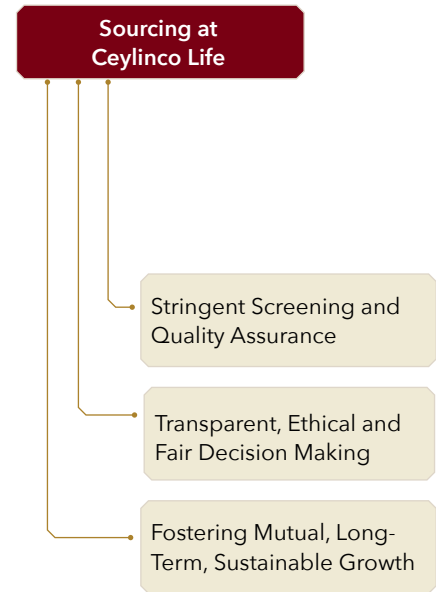
OUR SOURCING AND QUALITY ASSURANCE PRACTICES

Ceylinco Life remains wholly dedicated to delivering excellence and building long-term relationships with its stakeholders and therefore ensures the highest quality standards are maintained across its supplier base, while adhering to transparent and responsible procurement processes. The company values sustainable, local sourcing, and resultantly endeavours to foster mutual growth among its suppliers.



SNAPSHOT

- Continuing to maintain ethical, transparent processes through supplier screening, even amid mobility restrictions
- Engaging in sustainable, eco-friendly sourcing
- Continuing to maintain global partnerships with reinsurers and actuarial consultancy services to safeguard the company against risk



STRINGENT SCREENING AND QUALITY ASSURANCE

Prior to entering into a partnership with its suppliers, Ceylinco Life maintains a comprehensive screening process that ensures they too share our core values.

The following conditions and factors are taken into account with respect to supplier screening:

Compliance and Ethical Business Conduct	<ul style="list-style-type: none"> • Determine supplier compliance with applicable laws and regulations • Conduct due diligence to ensure our suppliers abide by our Anti-bribery and Corruption Policy • Ensure compliance with safety standards
Commitment to Sustainability	<ul style="list-style-type: none"> • Determine compliance with environmental regulations and sustainable sourcing practices • Give preference to suppliers who manufacture environmentally friendly products • Clearly define expectations from suppliers and embed minimum requirements within supplier contracts
Quality Management and Process Excellence	<ul style="list-style-type: none"> • Evaluate management, employees, E-commerce and organisational capabilities • Evaluate the standard of processes, capacity and technology and ensure they are of an acceptable standard • Evaluate quality assurance policies and procedures
Financial Feasibility	<ul style="list-style-type: none"> • Assessment of cost vs. benefit and ensuring reasonable pricing • Evaluate financial results and condition of suppliers

The company conducts site visits or virtual meetings to assess supplier capabilities, in addition to assessing all pertinent certifications and documentation. If no irregularities are identified, the supplier will be registered within the company system.

TRANSPARENT, ETHICAL AND FAIR DECISION MAKING

Across the board, Ceylinco Life builds its partnerships on a foundation of trust; a practice that extends to its supplier relationships as well. The company ensures that all terms and conditions of the agreements shared with its business partners are honoured, while developing transparent, accountable partnerships at every stage.

As mentioned previously, all contracts awarded are based on a series of pre-defined standards and competencies, which ensures that all suppliers are treated fairly and provided equal opportunities.

All supplier assessments are conducted under the purview of the Central Procurement Unit, and each supplier that meets the screening criteria is registered within the company database. The company ensures that a minimum of two or more suppliers are maintained within the system with respect to each category and collect at least three quotations from potential suppliers prior to procurement.

Particularly when sourcing large quantities, the company divides the requirements among different parties to maintain a fair and equitable process. The selection of contractors for the construction of buildings is managed on a case-by-case basis, via a tender process. All submitted tenders are reviewed by a specialised consultant, and a dedicated advisory panel reviews each contractor's credentials to ensure compliance with the Construction Industry Development Authority (CIDA) guidelines. Recommended suppliers and their details are then submitted to the Board for their perusal and approval.

The disposal of company assets takes place under a tender process. Following the publication of the tender forms the company receives supplier submissions from interested parties, which are in turn evaluated by a committee to determine their quality standards, organisational capabilities and ethical practices. If these aspects are deemed satisfactory by the committee, a contract can be commenced.

FOSTERING MUTUAL, LONG-TERM, SUSTAINABLE GROWTH

Ceylinco Life strongly believes in fostering long-term growth and progress across every sphere of its operations; a commitment that is practiced within its supplier relations as well. Consequently, many suppliers within our pool have maintained partnerships with the company over the course of many years.

LOCAL SOURCING AND ENVIRONMENTAL RESPONSIBILITY

Social and environmental responsibility has long been embedded at Ceylinco Life, and as such the company engages in partnerships with local home-grown suppliers and small and medium enterprises (SMEs) to drive economic growth and progress and inspire positive change across society.

Ceylinco Life's procurement policy outlines the company's commitment to support local communities surrounding the branch network, particularly with respect to janitorial services, tea services and electrical maintenance.

We further take steps to procure environmentally friendly gift items, which are distributed among our clients. The company does not issue any gift items that contain plastics, except for umbrellas. The company promotes local skills and capabilities, while striving to preserve and sustain the environment in which it operates.

Rs.472Mn Premiums Credited to Reinsurers
LKR 218Mn Claims Ceded to Reinsurers



I started a construction firm, jointly with a friend, in 2006. Our business was doing great until 2018 when it fell on hard times due to a certain client defaulting on the payments due to our company. This led our business almost to the brink of collapse. At this point, I was contacted by the management of Ceylinco Life who initially offered us some small-scale construction projects. I am happy to note that over the past 4 years, I have worked with Ceylinco Life on projects worth more than Rs. 10 Mn. I am truly grateful to Ceylinco Life for giving me those business opportunities and look forward to working with them in the future as well.

Thusitha Kumara Wijesinghe
 Jayaamaa Engineering

PARTNERSHIPS WITH RE-INSURERS

Ceylinco Life's partnerships with its reinsurers are essential towards providing additional safeguards against high-value risks which enable the organisation to pursue expansion and growth and achieve its goals.

During the year, the company's re-insurance partners continued to guide the organisation to build resilience against external shocks, while adhering to best industry practices.

The company maintains long-term partnerships spanning over two decades with three of the world's leading insurers.

Premium Ceded to Re-insurers		
Reinsurer	2021 Rs. Mn	2022 Rs. Mn
Munich Re	207	145
Swiss Re	229	130
RGA	36	33
Total	472	308

OUR APPROACH TO MANAGING SUPPLIERS AND BUSINESS PARTNERS

- Munich Re of Germany - the world's leading reinsurer, with over 400,000 employees
- Swiss Re of Switzerland - the second leading re-insurer, established in 1863 with operations in over 25 countries
- The Reinsurance Group of America (RGA) - one of the largest global life and health reinsurance companies and provides innovative and personalised solutions to clients worldwide.

Reinsurance arrangements acts as a prominent insurance risk management mechanism of the Company. With the reinsurance arrangements, we can transfer agreed portion of the risks to the reinsurers thereby mitigating our exposure to certain insurance events.

These partnerships ensure that the company remains aligned with emerging global trends, while enhancing the company's knowledge and capacity to withstand the competitive market in which it operates, while empowering Ceylinco Life to navigate volatile external forces. These objectives are achieved through training programmes related to disciplined underwriting, prudent portfolio management and innovative product development.

COLLABORATION WITH ACTUARIES

Ceylinco Life's in-house actuarial team continued to maintain its three decade-long partnership with Willis Towers Watson India Private Ltd., a leading global actuarial consulting firm. The company conducts a majority of its actuarial work via its in-house team, including quarterly valuations, validations, running liability models and surplus calculations. However, Ceylinco Life shares its year-end valuations with Willis Towers Watson for review. The appointed actuary approves and signs off the valuations, with the Chairman and Board of Directors signing off on the surplus that can be transferred to profits.

OUR ENGAGEMENT WITH REGULATORS AND PROFESSIONAL INSTITUTIONS

The Company also maintains memberships with professional institutions and associations, as outlined below:

Insurance Regulatory Commission of Sri Lanka is the main governing body of all insurance companies in Sri Lanka.

The Insurance Association of Sri Lanka (IASL) serves as the apex organisation of Sri Lanka's insurance industry and is involved in formulating and executing joint industry initiatives. The IASL coordinates and engages in continuous correspondence with the Insurance Regulatory Commission (IRCSL) and consists of seven sub-committees whose members include officials of Ceylinco Life.

The Sri Lanka Insurance Institute (SLII) is the sole educational body dedicated to the local insurance industry, established to enhance professionalism in the field of Sri Lankan insurance, while developing a dynamic, fully equipped human capital in insurance and other financial services. Ceylinco Life continues to be a member of this esteemed institution in order to contribute towards the advancement of industry standards.

Central Bank of Sri Lanka (CBSL) is the monetary authority of Sri Lanka.

Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) is a professional accountancy body in Sri Lanka.

Life Insurance and Market Research Association (LIMRA) is an organization that conducts research on distribution systems for the life insurance products on behalf of its member companies.



FUTURE OUTLOOK

SHORT-TERM (NEXT YEAR)

- Partnering with small scale entrepreneurs
- Developing quantitative and qualitative supplier screening mechanisms

MEDIUM-TERM (NEXT 2-3 YEARS)

- Developing a sustainability-based supplier evaluation and rating process
- Partnering with external business partners to enhance customer reach
- Working with Actuaries towards successful implementation of IFRS-17 implementation.
- Expanding the memberships with professional bodies

LONG-TERM (BEYOND 3 YEARS)

- Build up small scale suppliers to larger scale suppliers with long term partnerships
- Optimizing reinsurance arrangements

REALIGNING OUR APPROACH TO TRANSFORMING THROUGH TECHNOLOGY

MATERIAL TOPICS

6, 7

CEYLINCO LIFE HAS LONG PLAYED A PIONEERING ROLE IN DIGITISATION IN SRI LANKA'S INSURANCE INDUSTRY. WITH THE ONSET OF THE NEW NORMAL, RAPID ADVANCEMENTS IN TECHNOLOGY AND THE INEVITABLE INCREASE IN DIGITAL PENETRATION SAW CEYLINCO LIFE CONTINUE TO PURSUE TRANSFORMATION ACROSS ITS OPERATIONS – ARMED WITH CUTTING-EDGE SYSTEMS DESIGNED TO ENHANCE CONVENIENCE, ENSURE UNINTERRUPTED SERVICE, MAINTAIN SECURITY, AND PROMOTE THE EFFICIENT CONSUMPTION OF RESOURCES ACROSS THE BOARD.



DESIRED DESTINATION

To drive organisation-wide digital transformation that promotes seamless operations, customer satisfaction, increased accessibility and business efficiency.

PROGRESS IN 2022

7.7 Mn A4 Equivalent of paper saved	117 Tabs 270 Laptops devices provided to employees	139,980 kW of energy saved
Zero Sensitive data leakages	Zero Impacted cybersecurity attacks	07 digitisation initiatives launched

Impacted SDGs:



Impacted Capitals:



TRANSFORMING THROUGH TECHNOLOGY

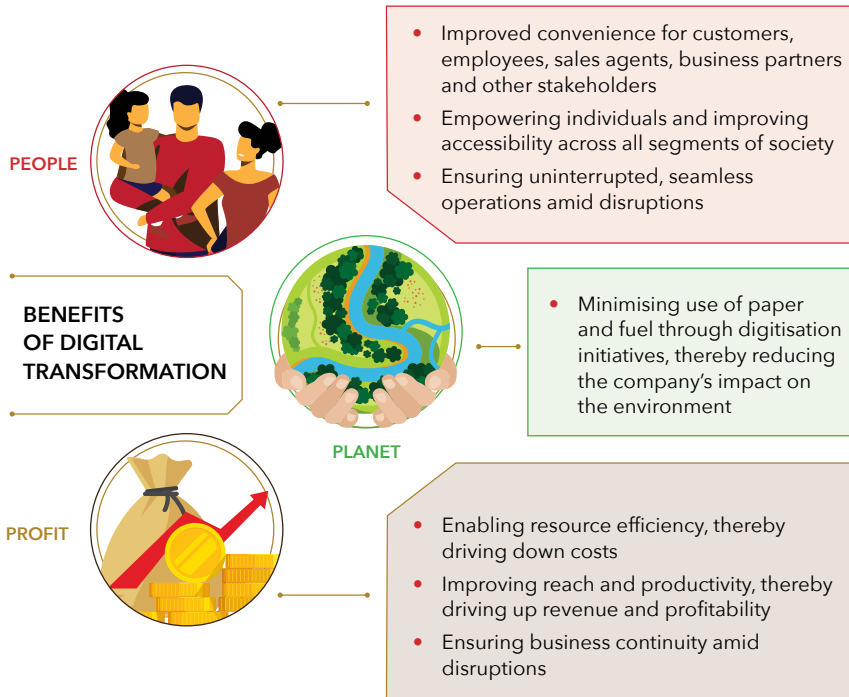
“2022 was a year of digital transformation at Ceylinco Life. We commenced the year with the objective of transforming all our manual activities to a digital platform, thereby improving process efficiencies, while minimizing the time and cost spent on business activities. This enabled us to combat the scarcity in raw materials, mitigate the impact of the escalating costs essential resources and enable sustainable growth.”

Mr. F H Li - Senior AGM - ICT/ Chief Information Officer



Ceylinco Life’s commitment to digital transformation is deeply entrenched, and impacts all operational divisions within the organisation. The company continues to value the importance of technology in transforming and enhancing its service delivery, while contributing towards a holistic impact on the company’s triple-bottom line, as outlined below.

OUR STRATEGIC IMPERATIVES



Rs. 118 Mn
Invested in Digital Transformation

Rs. 20 Mn
Savings Achieved

80+
Digitisation Initiatives Identified

The company remains empowered by a strong, robust IT platform – the result of many decades of investment into organisation-wide digital transformation. The integration of cutting-edge technologies over the years enabled the company to navigate the challenges

of the COVID-19 pandemic and the subsequent economic crisis.

Ceylinco Life’s IT initiatives are primarily focused on continuously anticipating emerging needs, while being aligned with stakeholder needs. The company remains wholly apprised of the wide-ranging benefits of digitisation and therefore embarked on ‘**A Year of Digital Transformation**’, thereby placing a greater emphasis on this particular strategic pillar during the year under review.

Furthermore, the company’s digitisation commitment extends towards the long-term, as evidenced by the appointment of a dedicated Digital Transformation Officer

(DTO), whose primary responsibility lies in identifying opportunities for digital transformation across the organisation, and overseeing the execution of the same. Following the appointment of the DTO, a series of department-wise discussions took place, with each department being to assess and identify areas for improvement. Accordingly, over 80 opportunities for digitisation were identified across the company. The company further engaged with Ernst & Young to formulate a futuristic IT strategy and roadmap to uplift and enhance the company’s technological landscape in the years ahead.

IMPACTED SDGS:

PRIORITY AREA 01: Enabling Seamless Operations and Accessibility

96.2% of all Proposals Submitted Electronically

387 Devices Distributed Among the Workforce




SNAPSHOT

- Initiated ‘A Year of Digital Transformation’ in 2022.
- Initiatives included digitisation of temporary receipts, the launch of a web quotation system, introduction of e-signatures, and the revamping of the corporate website.
- Empowered the workforce to function remotely by investing in laptop devices for branches

The COVID-19 pandemic remained largely controlled during the period under review, therefore negating the need for 'Work-From-Home' capabilities for the greater part of the

year. However, Ceylinco Life remained prepared for all contingencies, and continued to maintain remote functionality in order to ensure uninterrupted service and accessibility

– a strategy that enabled the company to function even in the midst of the unprecedented economic crisis that emerged during the year.

CHALLENGE	RESPONSE	SUPPORTIVE POLICIES, CAPABILITIES AND/OR INFRASTRUCTURE	IMPACT
<p>Shortage of paper and escalating prices</p> 	<p>Leveraging on existing digitisation initiatives, and spearheading new initiatives</p>	<ul style="list-style-type: none"> • A majority of proposal submissions taking place electronically • Temporary receipts replaced by SMS receipts • Use of a web quotation system • Investing in e-signature software • Developed E-document management system 	<ul style="list-style-type: none"> • Prudent resource management • Cost savings • Business continuity • Enhanced productivity • Minimising human errors • Time saving for Life Operations and other staff members
<p>Mobility restrictions and power shortages due to the fuel crisis</p> 	<p>Continuing to support remote functionality across the organisation, while enabling customer convenience and accessibility</p>	<ul style="list-style-type: none"> • Revamping the corporate website to enable greater security and user-friendliness • Introduction of straight-through-processing and availability of payment gateways • Customer app with new functionality, including referral management via the Friends Circle app • Flexibility offered to staff Members with 270 Laptops and 117 tabs given to sales agents. • Branch staff provided with laptops to enable remote work • Installation of CDM Machines in 2 branches (Piliyandala and Negombo) • Distribution of POS (Point-Of-Sale) machines among the sales officers 	<ul style="list-style-type: none"> • Prudent resource management • Cost savings • Business continuity • Enhanced productivity • Customer convenience • Providing an additional income through referrals • Lead generation
<p>Power shortages and challenges in sourcing diesel to maintain generators</p> 	<p>Relocation of the Disaster Recovery Site</p>	<ul style="list-style-type: none"> • A partnership with a private data centre, thereby enabling greater efficiency, continuity and manageability 	<ul style="list-style-type: none"> • Prudent resource management • Cost savings • Business continuity • Reduced hardware obsolescence
<p>Challenges in procuring equipment and software</p> 	<p>Relying on existing infrastructure and capabilities to address emerging needs</p>	<ul style="list-style-type: none"> • Farsighted investments in state-of-the-art technology over the years 	<ul style="list-style-type: none"> • Prudent resource management • Cost savings

TRANSFORMING THROUGH TECHNOLOGY

CONVENIENCE AND ACCESSIBILITY

Due to the shortage of receipt books arising from the economic crisis, the company initiated digitalisation of temporary receipts during the year. Sales agents were empowered to issue SMS receipts via an app in order to confirm the collection of cash from policyholders. The issuance of the temporary receipt is updated in real-time in the company system, and followed up by an update once the respective cash collection is deposited in the bank. This initiative successfully circumvented the significant levels of travel and paperwork involved in the previous manual process, and gave rise to efficiencies in terms of collection speed, cost and productivity, while minimising the risk of fraud and data entry errors.

The company continued to enforce e-submissions across the organisation, and was successful in ensuring 96.2% of its proposal submissions took place electronically, performed via the tabs provided to the sales agents. This further generated savings with respect to paper usage, while ensuring uninterrupted service during the year. Sales agents continued to engage with policyholders remotely via online consultations, while a newly launched web quotation system enabled agents to issue quotations accurately from any location.

Due to Ceylinco Life's continued commitment to enable seamless functionality amid times of disruption, we continued to gradually phase out old hardware despite the limitations faced in procurement during the year. A total of 387 devices were distributed among the sales force and employees, and the company further invested in distributing 140 laptop devices among branch staff to support remote work, which in turn enabled the company to maintain operations amid the economic crisis.

Additionally, the company introduced e-signatures and e-document management system which served to minimise the usage of paper with respect to internal documentation, while enabling quick turnaround of approvals and paperwork amid the fuel crisis.

The company further engaged in revamping its corporate website to ensure added security and convenience to users.



I have always wanted to work for a progressive organisation. I joined the Ceylinco Life sales team in 2001, as a sales advisor to the Ambalantota branch. One of my responsibilities was to sell life insurance to every household in Sri Lanka. Every life insurance advisor is required to have three items in their possession when visiting a client - a diary to view all planned meetings, the proposal forms which are to be completed for each policyholder, and the receipts book to pay the first premium. A lot of paper was used in the process, which was time-consuming and environmentally unfriendly.

In March 2019 we attended a special training programme, which introduced us to new software would be introduced to enable completion of the proposal. The entire sales team was very skeptical about the new software because we were all used to filling out forms manually. The training team introduced us to the software called the eSubmission and Prospect book, which was cutting-edge software that allowed sales representatives to enter prospect names and schedule appointments directly on a tablet. Once we started using the software, we realised it was a very convenient way to complete new business. Now every sales officer can create a prospect, make an appointment and close a business with a few clicks on their tablet. The real value of this application came in December 2019 with the start of the COVID-19 pandemic. We were therefore able to complete our proposals digitally and get the customer's signature via e-mail.

Moving ahead the Company digitalized the temporary receipts and collection sheets so that we wouldn't have to carry a receipt book. Now that we are connected to Ceylinco Life digitally, our lives are a lot easier and more productive and environmentally friendly.

A I P Manjula
Senior Business Promotion Manager

OUR STRATEGIC IMPERATIVES

The following functionalities and improvements were incorporated to the website during the year:

- An improved User Interface and User Experience
- Enhanced security of the payment gateways
- Inclusion of more information regarding products, the company and benefits to customers.
- Facilitating redirection to other customer touchpoints such as the customer app.
- An advanced back-end system for greater functionality and flexibility.



<https://www.ceylincolife.com/>




BUSINESS CONTINUITY PLANNING

Ceylinco Life’s Business Continuity Plan (BCP) was originally formulated in 2014, and the company continued to conduct periodic assessments to ensure that it remained up-to-date and relevant. As a result, the company partnered with an external consultant to conduct a comprehensive review of the BCP, and based on the results of the assessment, identified and incorporated a number of time-critical processes across various divisions within the organisation.

Due to the combined impact of the fuel crisis, power outages and escalating prices of fuel, the company’s disaster recovery site which was previously maintained within the organisation’s premises was relocated to a private Tier III level data centre, thereby enabling improved manageability, operational efficiency and an upgraded environment.

IMPACTED SDGS:



PRIORITY AREA 02:
Improving Organisation-Wide Efficiency



SNAPSHOT

- Continued to utilise technology to record significant savings in paper consumption, fuel, electricity, time and cost.
- Launched a contact centre to ensure information and queries obtained from all touchpoints were integrated into a central location.
- Introduced referral management via CeyLife App enabled sales agents to easily monitor and address promising leads.
- The introduction of temporary receipts via SMS minimised errors in data entry, reduced paper consumption, minimised risk of fraud, and improved collection speed.

7.7 Mn A4 Equivalent Paper Saved	139,980 kW Energy Saved	705 Kg E-Waste Recycled
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The quest towards digital transformation across Ceylinco Life ensured that the company was able to exhibit significant efficiencies in turnaround time, resource consumption and organisational productivity. These benefits were witnessed across multiple divisions within the organisation, as detailed below.

DEPARTMENT	INITIATIVE	INVESTMENT (TIME AND COST)	BENEFITS REALISED	IMPACTED STAKEHOLDERS
HUMAN RESOURCES	A software tool was deployed to monitor productivity when Working from Hom (WFH)	Rs. 300,000/- 1 Month	Monitor time/Activity performed on Laptops to Study user behaviours to improve productivity	Employees
LIFE OPERATIONS	Temporary receipts issued via SMS	LKR 2.5 Mn 6 months	Minimum Data entry Minimized risk of fraud Reduced paper consumption	Policyholders Sales agents Employees
	E-KYC	Rs. 2.3 Mn	Reduction of turnaround time	Agents
	Obtaining KYC form automatically through digital platforms complying with regulations.	12 Months	Customer convenience Instant individual authentication Reduced paperwork, consumption & redundancies Enhanced Operational efficiency, Cost efficiency Customer convenience	Policyholders Employees
	Electronic underwriting record sheet (ERS) - Capturing of all material information relevant for underwriting automatically to improve staff decision quality and staff efficiency	No cost due to internal development 3 months	Improve turn around time of risk assessment process	Employees

TRANSFORMING THROUGH TECHNOLOGY

DEPARTMENT	INITIATIVE	INVESTMENT (TIME AND COST)	BENEFITS REALISED	IMPACTED STAKEHOLDERS
	CLOU system - Automation of new business distribution among branch senior underwriters to improve underwriting process efficiency and staff productivity	No cost due to internal development 4 months	Staff productivity Overall process efficiency improvement Ability to handle volumes Improved MI and tracking Direct communication with sales team	Employees
	ESUB - Obtaining 100% insurance proposals through digital platform	Rs. 52 Mn 2 years	Customer convenience/ Improve process efficiency and quality of information / Reduced paper usage	Policyholders Sales agents Employees
MARKETING	Revamping the corporate website Introduction of referral management via the customer app to generate leads	LKR 3 Mn 6 months	Lead generation New business growth Benefits obtained by the sales staff (income, KPI, targets)	Policyholders Community Sales agents
RISK & COMPLIANCE	Implementation of an AML application	Rs. 4.6 Mn 3 months	Improved and automated customer screening, Improved regulatory reporting, Improved transaction monitoring	Policyholders, Regulators
ACTUARIAL	Installation of IFRS17 software	Rs.118 Mn 1 year	Facilitate Infrastructure for IFRS 17 implementation Gearing for IFRS 17 implementation	Regulators Policyholders Shareholders
FINANCE	Introduction of Robotic Process Automation (RPA) activity for selected Asset Management Task	Rs. 280,000 4 months	Smooth assets management process Improved process efficiency Eliminate user errors	Employees
	Implementing E-Document management system for the payment process	Rs. 64,000 3 months	Orderly flow of supporting documents throughout the approval workflow Improved process efficiency Reduced physical document archiving cost Reduced paper consumption	Employees

OUR STRATEGIC IMPERATIVES

ENABLING ORGANISATIONAL PRODUCTIVITY

Ceylinco Life incorporated referral management into the Ceylife app, thereby providing opportunities for policyholders to obtain benefits for referring friends and family to the organisation. This initiative improved the productivity of sales agents, and enabled improved connectivity and the generation of leads even amid the fuel crisis.

The company replaced its contact centre and the head office Private Automatic Branch Exchange (PABX) to enable the integration of customer interactions across multiple touchpoints including social media and other digital channels. This would enable greater visibility of each customer’s interactions, queries and concerns, while promoting improved responsiveness and monitoring of customer complaints.

The company’s management utilises a tool-based assessment to map and monitor the progress of certain employee groups to ensure their productivity is maintained, and their respective KPIs are met. Additionally, Ceylinco Life provided essential training to uplift and enhance the knowledge of its workforce with respect to technology during the year. Accordingly, the following programmes were conducted:

Essential training to uplift and enhance the knowledge of its workforce with respect to technology during the year. Accordingly, the following programmes were conducted;

- Trainings for Temporary Receipt automation and the Referral App were conducted for business development managers, regional sales managers branch-wise on request.
- Training was provided to Life Operations staff on how to use the AML application for customer screening and scrutinizing transactions.

Type of Training	No of Participation	No of Training Hours
Knowledge Enhancement Trainings	72	313
Leadership Development Trainings	7	41.6
Skill Developments Trainings	4	28
Technical Trainings	18	147
Total	101	529.6

IMPACTED SDGS:



PRIORITY AREA 03:
Enhancing Security and Good Governance

SNAPSHOT

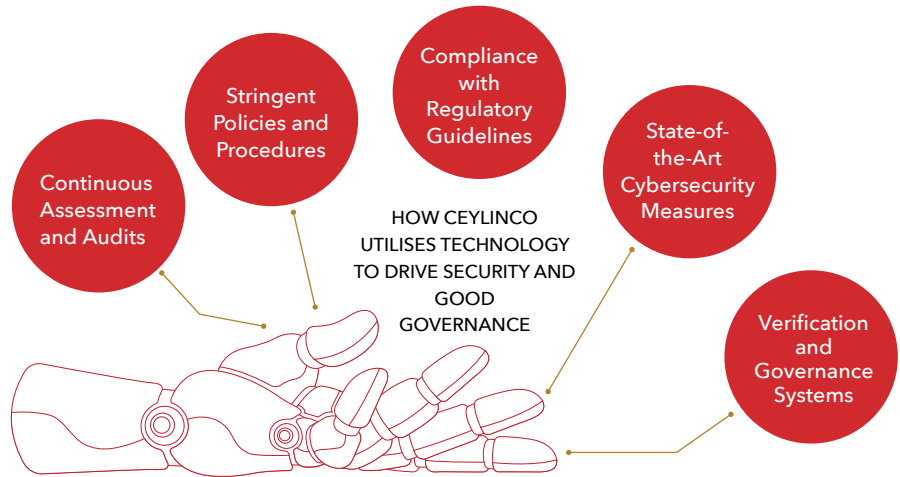
- Deployed a comprehensive IT security framework that spans governance, cybersecurity, regulatory compliance and continuous assessment.
- Engaged third-party consultants and service providers to ensure the highest security standards, and continues to elevate the same year-on-year.
- Initiated a process to align our practices with the Personal Data Protection Act, No. 9 of 2022

Zero Instances of Sensitive Data Leakage

CONTINUOUS ASSESSMENT AND AUDITS

The company performs comprehensive testing and drills to ensure its security mechanisms remain uncompromised and up-to-date. In addition to the vulnerability and risk assessments such as simulated attacks, phishing attacks, audited assessments and supplier risk assessments, Ceylinco Life embarked on penetration testing across certain internal servers. Any vulnerabilities thus identified were addressed swiftly. The organization will continue to roll out these penetration tests across the remaining servers in the coming year.

Furthermore, Ceylinco Life invested LKR 2.85 Mn to partner with an Australian vendor, HelpSystems, to conduct a comprehensive risk assessment and penetration testing on its core application platform (IBM i series) to ensure the company's security remains at the highest standard. The company is currently taking measures to address the findings and recommendations arising from this assessment.



VERIFICATION AND GOVERNANCE SYSTEMS

The company developed and utilised a range of systems to verify and identify any discrepancies in its processes to further strengthen its governance measures during the year.

- Installed the necessary server infrastructure and software to enable accurate IFRS17 calculations. We anticipate the entire system to be launched in 2025.
- Use of Compfie a compliance system that has mapped all applicable regulations. The respective task owner is notified of any regulatory submissions or requirements and their respective timelines, and must attend to such tasks on time.
- Use of Privileged Access Management Solution to monitor the activities of vendors and support service providers on internal servers, and ensure no discrepancies occurred.
- The new AML application enables more accurate and automatic customer screening and regulatory reporting.
- Commenced the implementation of eKYC (Electronic Know Your Customer) to enable remote identification and validation of a customer's identity securely from any location, while ensuring accuracy of information. The capability was initially rolled out across 5 branches in December 2022, with the aim of

organisation-wide implementation during 2023.

- Automation of allocation of proposals to underwriters on a random basis to ensure better transparency.

STRINGENT POLICIES AND PROCEDURES

In consultation with an external party, the company's information security policies have been developed as per ISO27001 standards, and were executed accordingly. The company is planning to perform an audit in 2023 to ascertain the effectiveness of these policies and identify any gaps in implementation.

Ceylinco Life continued to realign and adjust its IT practices with respect to data classification, under the supervision of the Information Security Division. The company places great emphasis on information security and continues to monitor it at Board level.

At present, Ceylinco Life's IT security is based on a monitoring and post-action perspective; however, the company is taking tangible steps to develop a real-time monitoring system to enhance its overall security framework. The company hopes to transition into a Security Information and Event Management System (SIEM) and thereafter establish a Security Operations Centre (SOC) to enable improved visibility from a central platform, while ensuring early identification and prevention of threats, and build improved responsiveness to cyberattacks.

Regular training continues to take place, and the company is planning to conduct a comprehensive on-site training

TRANSFORMING THROUGH TECHNOLOGY

programme in 2023 for internal developers and internal system administrators to ensure adherence to the necessary procedures with respect to information security.

COMPLIANCE WITH REGULATORY GUIDELINES

The company ensures compliance with all regulatory guidelines, and is currently in the process of assessing its alignment with the new Personal Data Protection Act No. 9 of 2022, which is required to be implemented within the next 3 years. Accordingly, the company is taking steps to appoint a dedicated Data Protection Officer, and is in the process of identifying the various locations within which the Personal Identification Information (PII) of policyholders are stored, to ensure they are encrypted. The company hopes to undertake a partnership with an audit or consultancy firm to ensure the company adheres to the applicable requirements of the Data Protection Act,

STATE-OF-THE-ART CYBERSECURITY MEASURES

The company maintains the following cybersecurity measures and consistently monitors them to ensure sensitive data remains protected:

- The Active Directory service is in place to manage permissions and control access to network resources.
- Implemented Network Firewalls including intrusion prevention and detection to safeguard its network.
- End Point Protection implemented by CrowdStrike.
- Data leakage prevention software developed by Forcepoint, an organisation globally recognised for minimising data loss, and simplifying data protection.

- Privilege access management implemented by Arcon Solutions to track and monitor external party activity and remote access points.
- A cloud-based email gateway powered by the industry leader Proofpoint to safeguard sensitive information.

During the year, there were no notable incidents reported with respect to cybersecurity.


FUTURE OUTLOOK

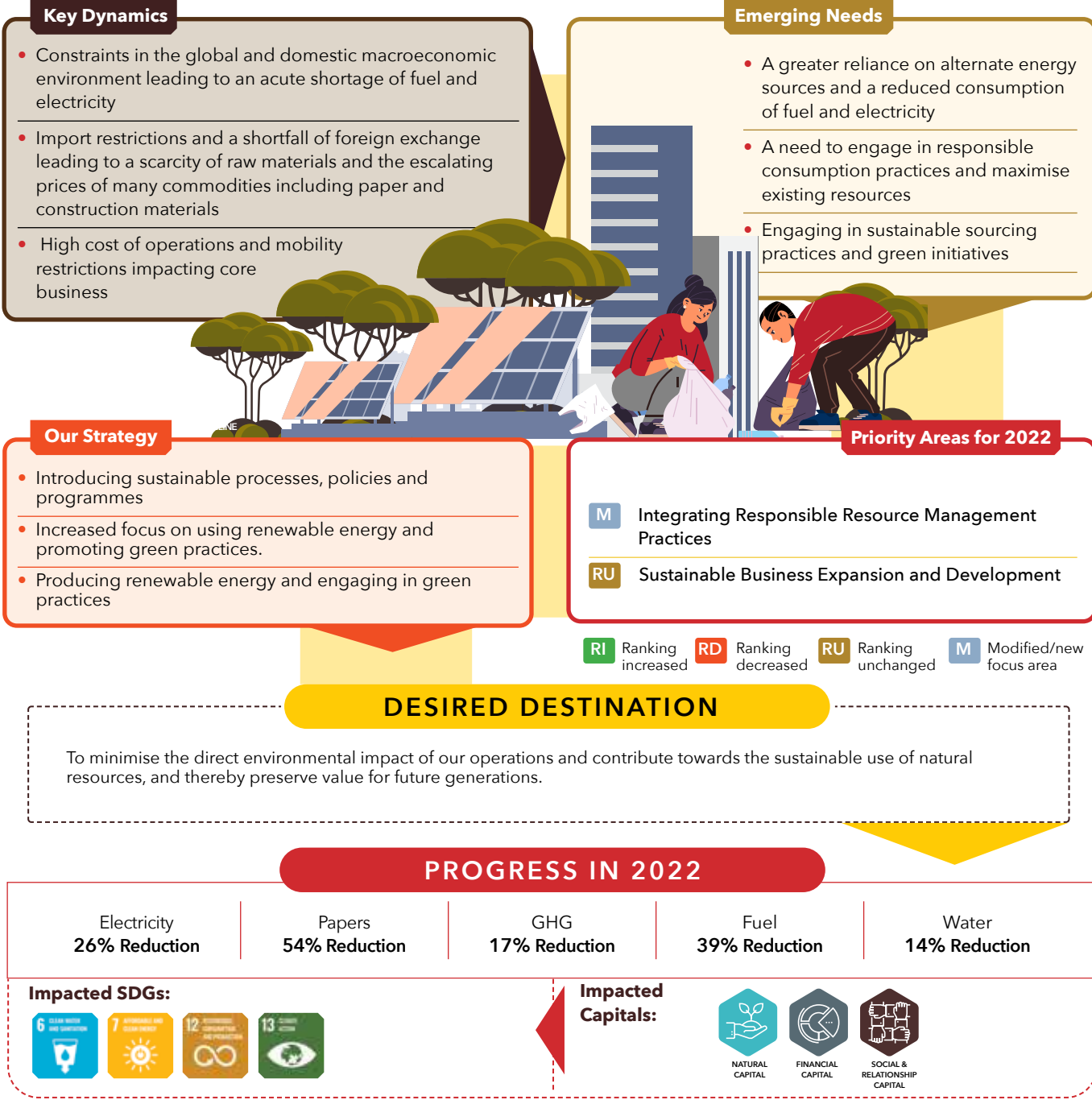
SHORT-TERM (NEXT YEAR)	MEDIUM-TERM (NEXT 2-3 YEARS)	LONG-TERM (BEYOND 3 YEARS)
<ul style="list-style-type: none"> Conversion of all receipting into digital platform 	<ul style="list-style-type: none"> Growth annual sales of online plans up to 50,000 policies Direct integration of social media with CRM system Compliance with Personal Data Protection Act Empower staff with proper tools to drive productivity 	<ul style="list-style-type: none"> Transition into technological leadership in the industry Adoption of best-in-class enterprise data and IT protection infrastructure Paper-less work environment

REALIGNING OUR UNWAVERING COMMITMENT TO NURTURING THE ENVIRONMENT

MATERIAL TOPICS
5

CEYLINCO LIFE'S OPERATIONS ARE DEEPLY ENTRENCHED IN PRINCIPLES OF SUSTAINABILITY AND RESPONSIBLE CONSUMPTION. OUR EMPLOYEES ARE COMMITTED TO INTEGRATING PROCESSES AND ACTIVITIES THAT OPTIMISE RESOURCES AND MINIMISE THE ENVIRONMENTAL FOOTPRINT.

OUR MISSION EXTENDS BEYOND REALISING EFFICIENCIES IN COST AND RESOURCE CONSUMPTION TO PRESERVING AND SAFEGUARDING NATURAL RESOURCES FOR FUTURE GENERATIONS.



OUR STRATEGIC IMPERATIVES

NURTURING THE ENVIRONMENT

“At Ceylinco Life, we adopt wide-ranging sustainability practices that seek to conserve our usage of resources, replenish our surroundings and harness the power of renewable energy in order to reduce our carbon footprint. We believe that in embracing these green concepts, we can play our part in contributing towards the existence and continuity of the planet, and all living beings who reside upon it.”

P A Jayawardena - Director/CFO



OUR APPROACH TO NURTURING A SUSTAINABLE FUTURE

The company has long ingrained sustainable thinking across the organisation’s people, processes and partnerships. The company’s accountability and commitment towards the environment commences at the highest governing level, and cascades down to every individual employee across all business functions. As evidenced in the decision-making framework outlined below, the Board of Directors sets the precedent in governing the organisation’s sustainable objectives and the activities that drive their achievement.



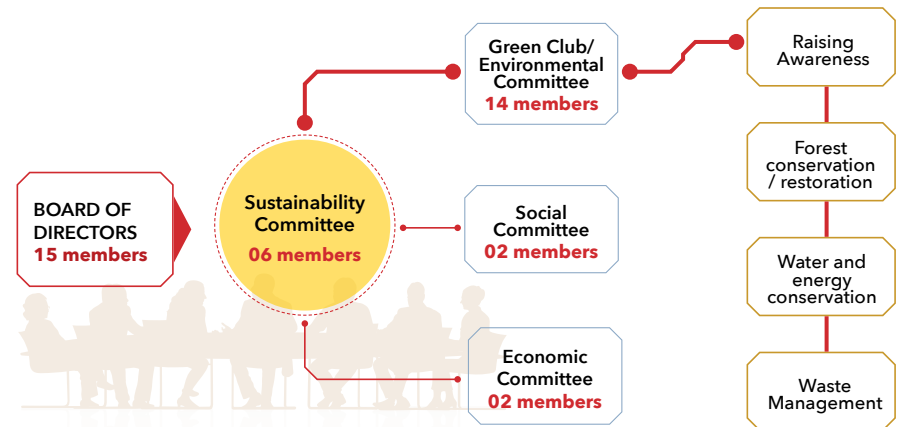
As a service organisation, the company’s impact on the environment is relatively minimal. However, the company utilizes a range of renewable and non-renewable resources in conducting its daily activities. The company’s sustainability policy sets out its duty “to be accountable for the impact of our operations on the environment by consistently taking steps to measure, manage and reduce our impact on the environment.”

Ceylinco Life continues to seek out new opportunities to contribute positively towards the surrounding environment, while protecting and preserving it through proactive measures to reduce the overall carbon footprint.

The company’s primary focus is on optimising the use of existing resources, while eliminating its reliance on scarce resources, and with this purpose in mind, the Ceylinco Life ‘Go Green’ concept was launched in 2016 to drive all sustainability-related activities. These initiatives are supported and directed by the staff members who play a formative role in the creation and implementation of activities, while extending their sustainability pledge towards their personal lives.

28 building supervisors have been appointed to ensure all relevant standards and guidelines are followed within the company’s own buildings. A total of 16 staff members representing each department are appointed across the branches to control electricity usage in accordance with specific guidelines.

OUR STRATEGIC IMPERATIVES



The company is governed by the following overarching sustainability principles:

Sustainability Principle	Approach	Key Activities
Integration	The integration of environmental sustainability into Ceylinco Life's daily operations through dedicated committees, structures and processes.	<ul style="list-style-type: none"> The Board is responsible for sustainability policy formulation and ensuring the execution thereof. Dedicated committees are in place to map and monitor environmental performance. All sustainability initiatives are driven and initiated by employees.
Management and Compliance	Management of the company's environmental footprint through the implementation of appropriate programmes and international best practices, and compliance with legislation and regulations related to environmental sustainability.	<ul style="list-style-type: none"> The company adheres to ISO 14064-1:2018 and ISO 14064-3: 2019 in reporting on carbon footprint. All buildings are constructed in compliance with applicable environmental laws and regulations. All operational decisions are taken complying with environmental policy.
Monitoring	Implementation of a monitoring system designed to record and track progress to identify areas for improvement.	<ul style="list-style-type: none"> Calculating and monitoring the organisation's impact in line with the Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard to ensure carbon neutral status is reached.
Responsible Resource Management	Finding new and innovative ways of optimising our resource management by eliminating our reliance on resources, recycling waste, or partnering with registered recycling operators.	<ul style="list-style-type: none"> Responsible management of fuel, electricity, water, paper and waste through innovation and process improvements. Investing in green building construction and the generation of renewable energy. Preserving and nurturing surrounding ecosystems and protect and produce valuable resources. Maximising the use of existing space and resources to ensure longevity and efficiency.
Stakeholder Participation and Communication	Encouraging enthusiastic engagement of employees, customers, business partners and the community in our initiatives. Communicating and raising awareness among stakeholders regarding the importance of such initiatives.	<ul style="list-style-type: none"> Raising awareness regarding best environmental practices and involving employees in sustainability initiatives. Encouraging customers to embrace sustainability through innovation and process improvements. Encouraging suppliers to engage in sustainable sourcing and manufacturing

NURTURING THE ENVIRONMENT

IMPACTED SDGS:

PRIORITY AREA 1: Integrating Responsible Resource Management Practices

KEY VALUE INDICATORS 2022	
521,000 kWh	Electricity consumption reduced
3,705,000 Ltrs	Water consumption reduced
112,828 Ltrs	Fuel consumption reduced
2,618,000 Ltrs	Rain water harvesting
1,056,000 Ltrs	Water recycling
790,242 kWh	Solar generation
Rs. 32.4 Mn	Solar Investment
789.3 kW	Total Solar capacity
697 tCo2 e	GHG reduced
705 Kg	e-Waste
44,388 Kg	Paper recycled
7,703,345 (A4 converted)	Paper consumption reduced
Rs. 20.5 Mn	Invested in 05 Green Buildings

SNAPSHOT

- Introduced "Sustainability Hero" to reward employees and branches for reduced water and electricity consumption.
- Strengthened employee communications and awareness with respect to sustainability.
- Introduced a range of initiatives to minimise the consumption of electricity, fuel and paper.

Ceylinco Life integrates responsible environmentally friendly practices within the organisation through the combined effort of conducting continuous awareness programmes and rewarding employees for their contribution towards the organisation's environmental initiatives. Accordingly, the following programmes were conducted during the year:

NAME OF THE PROGRAMME	NO. OF PARTICIPANTS
e-Waste campaign	150
Ceylinco Life Home gardening	15
Sustainability Champion	2540
Webinar for importance of environment sustainability	245
Webinar - Educate staff about the Carbon footprint	223
Carbon footprint quantification and verification	2450

Ceylinco Life continuously reinforces the importance of sustainability within all employees in the workforce. During the year, the company introduced an orientation video to communicate the company's stance on sustainability to all new recruits.

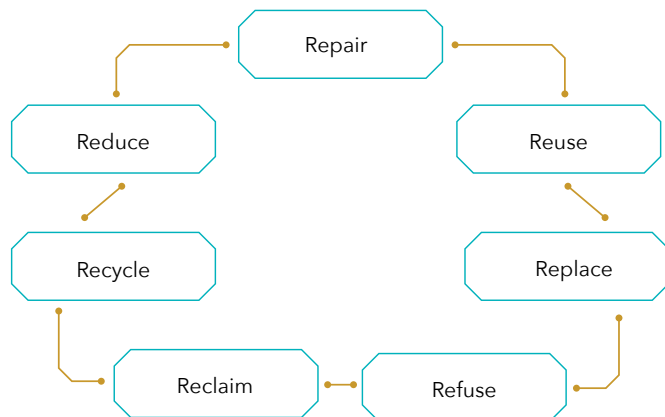
SUSTAINABILITY CHAMPIONS

Ceylinco Life introduced the concept of sustainability champions in 2022, to reward and recognise contributions towards reductions in electricity and water consumption. Accordingly, the three branches that consume the least quantities of electricity and water are chosen and rewarded. Similarly, rewards are disbursed on an individual basis, with the company rewarding the top three employees displaying evidence of considerable reductions in water and electricity consumption at employee's houses.

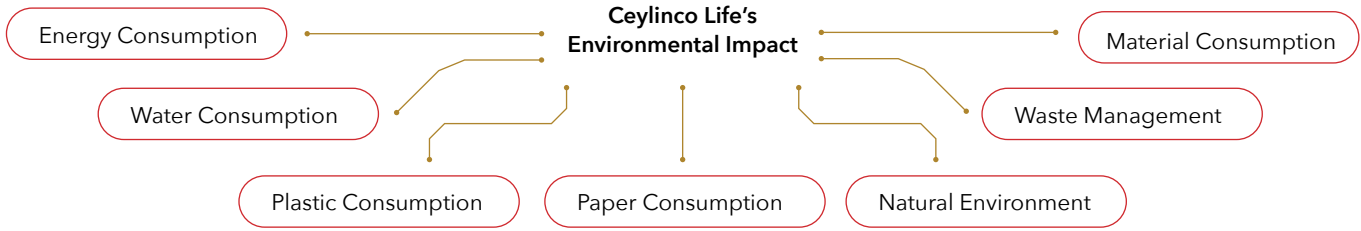
Encouraging environmental friendly procedure - Email signature



The company focuses on the following principles with respect to resource conservation and management:



MANAGING OUR IMPACT



Ceylinco Life manages its environmental impact with respect to the key areas outlined above. As a service-based organisation, the company utilises a range of resources on a daily basis including fuel, electricity, and water. The company further monitors and responsibly disposes of any generated waste, while engaging in the construction of Green buildings to expand its presence in the market.

Due to such stringent actions and controls, there were no fines nor non-monetary sanctions for non-compliance with environmental laws and regulations during 2022.


Due to such stringent actions and controls, there were no fines nor non-monetary sanctions for non-compliance with environmental laws and regulations during 2022.

During the year, the nation faced many constraints, particularly with respect to fuel, electricity, paper and building materials. The company therefore prioritised the management of these aspects, and introduced a range of initiatives to minimise their use, while optimising existing resources.

ENERGY CONSUMPTION

Ceylinco Life's energy consumption comprises electricity consumed at its branches, and the fuel consumed to facilitate transport and maintain its generators.

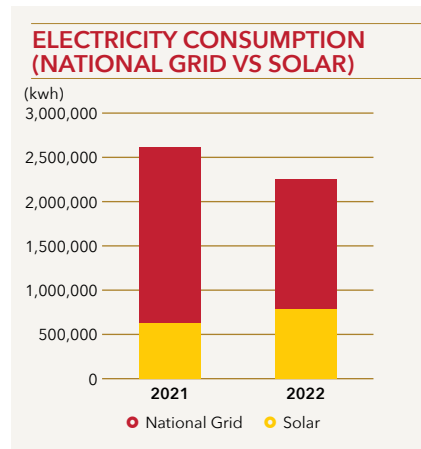
ELECTRICITY CONSUMPTION

 2022 - 1,465 MWh
2021 - 1,986 MWh

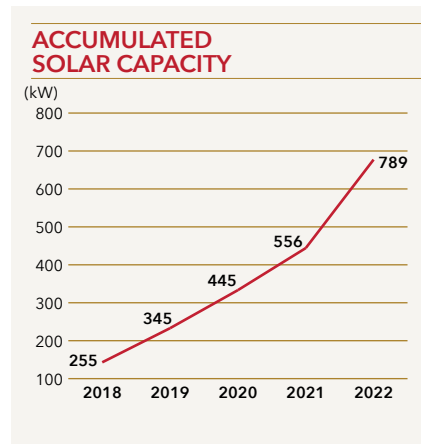
Ceylinco Life sources electricity from the national grid, in addition to relying on the renewable energy generated through its solar panels. The company's long-term objective lies in reducing its dependence on energy sourced from fossil fuels, while increasing its reliance on renewable, cleaner energy sources.

With the aim of enhancing its renewable energy component, the company invested LKR 32.4 Mn in augmenting its solar energy capacity by 233.16 kW. This is company's largest investment in this regard since year 2012.

Furthermore, with intermittent power shortages, the company prioritised the following initiatives with respect to electricity consumption:



The introduction of battery back-ups ensured that Ceylinco Life could minimise its reliance on generators avoiding noise pollution and completed the pilot project at Mount Lavenia branch successfully.



Existing Initiatives:



- Air conditioners are switched off at 4.45 p.m. across the Head office and the branch network, and are set to function within the range of 25-27 degrees to minimise power consumption. Low usage spaces such as corridors and lobbies are not air conditioned.



- Utilising LED bulbs rather than conventional fluorescent bulbs. All owned branches operate on this basis, while rented branches have customer areas powered by LED lights.



- The electricity connection of each branch is limited to 42 KVA in order to minimise consumption.



- Company-owned buildings are provided with a backup generator with sufficient capacity to provide power in the event of an interruption to the customer areas and the training room.




- Reducing usage of elevators across all branches to minimise power consumption, by disabling them during off-peak times.




- Enabled lower power consumption of company devices by ensuring their hibernation when not in active use. Using laptops over desktops to encourage lower power consumption.

NURTURING THE ENVIRONMENT


OUR STRATEGIC IMPERATIVES




- Consolidating a number of branches in a single location, which reduced overall consumption of energy, water, and other materials, with the added benefit of reducing cost of rent.



- Relying on natural lighting and refurbishing various branches to improve their appearance.



- Introduction of sensor lights in common areas including corridors, in order to reduce wastage of electricity.

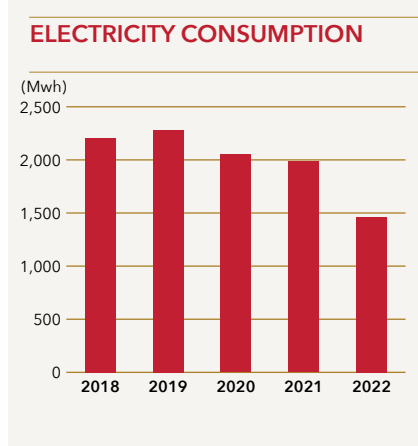


- Traditional Server room converted to smart server rooms to enable an approximate 50% reduction in electricity consumption.


New Initiatives:

- The largest solar power plant (110 kW) within our Group was installed at Serene Resorts.
- Introduction of battery back-ups to maintain business continuity while minimising the company's reliance on diesel-powered generators. The company will continue to implement this initiative across its owned buildings, rather than investing in generators.
- Converted 03 branches in Matara, Kandy and Galle to green branches.
- Converted 02 branches in Kurunegala and Ratnapura to solar power thereby moving away from the national grid. Thus generating savings in electricity costs.
- Movement of the Disaster Recovery Centre to a third-party location to ensure improved management and minimum resource consumption.

As a result of these initiatives, the company consumed 1,464,582 KWh of electricity during the year, recording a year-on-year reduction of 26%, and contributed 790,242 KWh of solar power to the national grid in 2022.



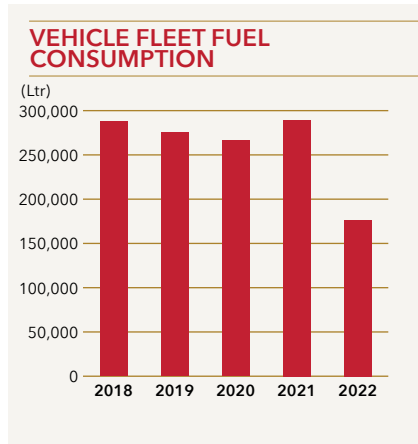
VEHICLE FLEET FUEL CONSUMPTION

	2021- 289,473 ltrs
	2022 - 176,645 ltrs

Due to the shortage of fuel, the company invested in providing transport to employees during June - November 2022, thereby minimising fuel costs. Furthermore, employees engaged in carpooling to reduce fuel usage, and wherever possible encouraged employees to report to the nearest branch or rely on remote working capabilities to minimise movement.

With respect to branch visits and logistics, the organisation focused on efficient route management to reduce fuel use.

As a result of these combined activities Ceylinco Life recorded a 39% reduction in fuel consumption enabling the company to counter the increase in fuel prices experienced during the period under review.




PLASTIC CONSUMPTION

Ceylinco Life focused on expanding its environmental commitment by taking steps to minimise its plastic consumption. In addition to establishing guidelines and raising awareness among employees to minimise the use of plastic and polythene, the company reduced the usage of plastic bottles in the workplace. Employees were instead encouraged to rely on water filters and drinking glasses on a daily basis.

Ceylinco Life planned to start pilot projects at Own Premise to place plastic collection bins to be used by public.

PAPER CONSUMPTION (A4 CONVERTED)

	2021- 14,361,682
	2022 - 6,658,338

The introduction of e-submissions in the past and other digitalisation initiatives set the stage for the present, ensuring the company could conduct many of its business activities remotely. The introduction of temporary receipt automation further reinforced these capabilities by reducing the need for sales agents to travel to multiple locations in order to obtain approval and deliver the necessary documentation (further details are found in page 130 of this report). Additionally, the company minimised its reliance on couriers and postal services through the implementation of digitalisation of documents, via initiatives such as e-signatures and e-proposals.

With the unprecedented escalation of prices and the scarcity of paper and paper-based products in the market, the environment was conducive towards digitalisation and enabled the company to further streamline the implementation of its strategies in this regard. The following initiatives enabled the company to drive reduced paper consumption during the year:

Processes, Technology and Innovation	Policies										
<ul style="list-style-type: none"> Utilising e-submissions and other digitalisation initiatives to minimise the use of paper. 	<ul style="list-style-type: none"> Encouraging all employees to edit documents prior to printing the same, in order to reduce the number of draft copies. If drafts are necessary, all printed copies are to be taken on the unused side of a piece of previously used paper. 										
<ul style="list-style-type: none"> Providing the sales force with tabs and the necessary platforms to support digital communication. 	<ul style="list-style-type: none"> Office files to be stored or printed digitally whenever possible, unless deemed necessary for regulatory requirements, thereby minimising any reliance on hard copies. 										
<ul style="list-style-type: none"> The introduction of temporary receipt automation, thereby reducing paper consumption by 13.61%. 	<ul style="list-style-type: none"> Optimising paper by using both sides of a sheet of paper, with the exception of official letters and documentation. 										
<ul style="list-style-type: none"> Relying on scanned copies and investing in software to support e-signatures in order to reduce documentation. 	<ul style="list-style-type: none"> Using smaller sized sheets of paper for short memos, and encouraging the use of scanned images via email. 										
<ul style="list-style-type: none"> The introduction of e-bonuses and e-biannual letters to facilitate the sharing of essential documentation with customers. 	<ul style="list-style-type: none"> Relying on e-mail and digital means of communication to share reports, quotations, invoices and annual contracts rather than printing hard copies. The necessary approvals are in turn shared via return mail. 										
<div data-bbox="162 1197 535 1575"> <h3>PAPER CONSUMPTION</h3> <p>(A4 converted)</p> <table border="1"> <caption>PAPER CONSUMPTION (A4 converted)</caption> <thead> <tr> <th>Year</th> <th>Consumption (A4 converted)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>12,500,000</td> </tr> <tr> <td>2020</td> <td>13,000,000</td> </tr> <tr> <td>2021</td> <td>14,000,000</td> </tr> <tr> <td>2022</td> <td>6,500,000</td> </tr> </tbody> </table> </div>	Year	Consumption (A4 converted)	2019	12,500,000	2020	13,000,000	2021	14,000,000	2022	6,500,000	<ul style="list-style-type: none"> Minimize used of paper envelopes and encouraged to be re-used for internal purposes. Any documents, memos, circulars, announcements, reports and other publications are circulated via email or published on the company intranet. Avoiding the printing of e-mails and daily reports. Stringent controls were maintained with respect to stationery consumption. A limited quantity was issued for each department on a monthly basis, with usage levels monitored to justify the need for further stock. Minimising the production of complimentary items for the year 2023. Reduced printing of calenders by 55,250 and diaries by 22,650.
	Year	Consumption (A4 converted)									
	2019	12,500,000									
	2020	13,000,000									
2021	14,000,000										
2022	6,500,000										

- Existing initiatives
- New initiatives

WATER CONSUMPTION

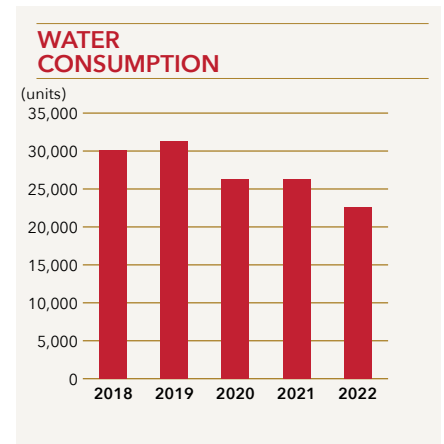
2021 - 26,244,000 Ltrs
 2022 - 22,539,500 Ltrs

Ceylinco Life remains aware that clean water is a scarce resource and therefore ensures that water is both harvested from natural sources, and recycled prior to reusing it for alternate purposes. At present all branches utilise pipe-borne water, with the exception of the Bandarawela branch, while the Jaffna, Nelliadi and Wennappuwa branches rely on well water. Water for drinking purpose is sourced via external suppliers.

The company has established sewerage recycling plants in 07 locations, outlined in page 143 of this report. The company did not record any incidents of waterbodies affected by water runoffs or any hazardous or harmful discharges.

Ceylinco Life engages in rainwater harvesting – an initiative that saves 375,000 litres of water per year, thereby benefitting the company’s bottom-line, while preserving valuable resources. All washrooms within the company’s owned buildings are fitted with sensor-controlled and flow-controlled water fittings to ensure the usage of water is optimised.

The company’s water consumption recorded a notable decline of 14% to reach 3,705,000 litres, primarily due to reduced employee attendance at branches during a greater part of the year.



NURTURING THE ENVIRONMENT

NATURAL ENVIRONMENT

Ceylinco Life continued to safeguard and develop the natural environment surrounding its properties, while focusing on preserving and conserving areas prone to harmful human intervention.

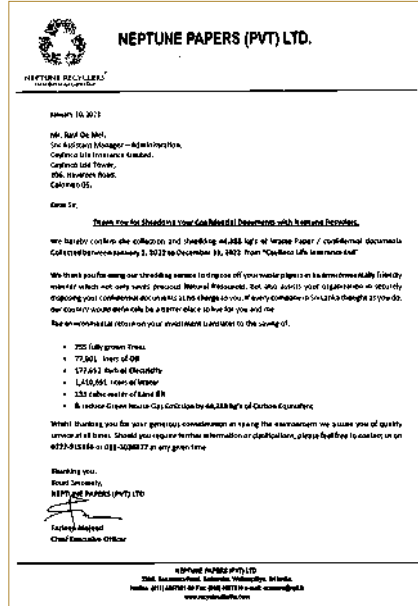
The company cultivated home gardens during the year, namely at the Head Office rooftop and at Abdul Gaffoor Mawatha, Colombo 03 and Nelliady Branch. These were primarily organic crops which greatly benefitted the employees amid a challenging economic climate. Any produce originating from other properties were also distributed among employees at concessionary rates. Ceylinco Life will continue to grow this initiative in order to develop its natural surroundings and build a sustainable space that benefits those around it and keen to inculcate this concept among employees.

WASTE MANAGEMENT

Ceylinco Life monitors and manages the responsible disposal of three types of waste: paper, food and e-waste. All discarded e-waste and paper are ethically disposed of via authorised recyclers in accordance with the company's previously established procedures and processes.

Due to the nature of the company's operations, hazardous waste classified within the scope of emissions arising from diesel and fuel oil in generators is considered to be negligible. The company segregates and monitors food waste on a daily basis to ensure wastage is avoided.

The company continued to conduct its archiving initiative during the year, in order to discard redundant documentation in a responsible manner. As a result of this process, the company was able to reduce the cost of storage by 50% during the year, and recycle all disposable documents via an accredited third-party service provider.

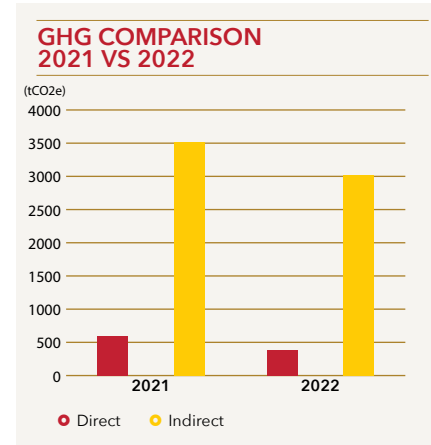


MEASURING OUR IMPACT

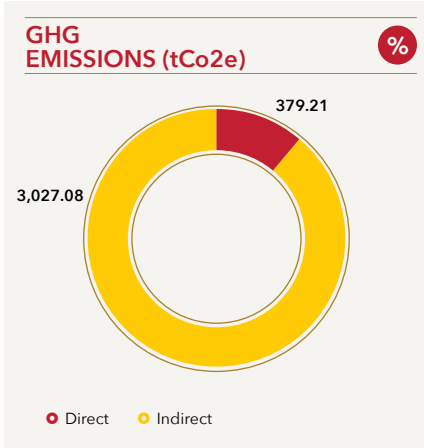
As the Ceylinco Life works towards reaching carbon-neutral status, the company measured its carbon footprint with the support of Climate Smart Initiatives for the third consecutive

year. Due to the complex nature of the calculation process, 2450 participants across the company's branches underwent training to ensure all data related to the company's carbon footprint was entered accurately into the system. Consequently, the organisation was able to accurately analyse and monitor its overall impact on greenhouse gas (GHG) emissions, and identify areas for improvement, while determining the impact of these environmental initiatives and strategies on the company's footprint.

The assessment pertains to all operations of the organisation, and is 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.



YEAR	tCO2e	CHANGE	%
2020	3,677	-	-
2021	4,105	428	11.6%
2022	3,406	↓-700	17.0%



IMPACTED SDGS:

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

PRIORITY AREA 2: Sustainable Business Expansion and Development

05	branches were converted to Green Branches
790 MWh	In renewable energy generated
233 kW	In Renewable Energy Added

SNAPSHOT

- An overarching policy with respect to space and resource optimisation was introduced.
- Minimising transport and logistical requirements to ensure fuel savings were achieved, particularly with the implementation of pre-cast construction.



Ceylinco Life believes that its growth and expansion should not take place at the expense of its surroundings. Therefore the company conducts its activities responsibly with respect to the expansion of its physical presence and online presence.

PHYSICAL EXPANSION

The company adopts in responsible and green building practices across all its new branches. At present Ceylinco Life possesses 24 green buildings within its network, which employ green design principles at pre-contract and post-building stages in the overall process. At present 03 new, and 01 converted green buildings are under construction in 04 locations.

The following characteristics are commonly found across all the company's green buildings.

Feature	Description
Use of clean, renewable energy sources	<ul style="list-style-type: none"> All green buildings are 100% solar-powered with no electricity consumed from the national grid. Any excess electricity is supplied to the national grid.
Energy-efficient design and systems	<ul style="list-style-type: none"> Maximising the use of natural light and light interiors to minimise power consumption from artificial lighting. Utilising LED lighting and energy efficient inverter air conditioners across all green buildings. The systems are designed to operate on the lowest possible electricity consumption rate for commercial buildings of 42 kVA, using electrical capacitors. Air conditioning is eliminated in corridors and within the lobby area.
Use of environmentally sustainable materials	<ul style="list-style-type: none"> Using bricks made out of fly-ash, thus utilising a harmful by-product in a productive manner without its disposal. Using bricks made out of quarry dust, a by-product of aggregate stone production. Utilising the waste-product of crushed limestone as a back-filing material, as an alternative to soil. All construction activities are wood-free and eliminate the use of granite and suspended ceilings. In the event of wood being used, the company resorts to eco-friendly pest control mechanisms.

NURTURING THE ENVIRONMENT

Feature	Description
Minimum interference and impact on the natural environment	<ul style="list-style-type: none"> All branches are designed in line with the earth's topography and landscape to reduce the usage of soil for filling the earth and to reduce the overall impact on the immediate surroundings of the branch. Flora and fauna and open space concepts are incorporated to create a more natural outlook. The site does not infringe on protected areas or natural reserves. Driveways, walkways and parking areas are designed with hollow interlocking blocks. This ensures grass is easily cultivated to enhance the surrounding green patch.
Compliance with environmental regulations	<ul style="list-style-type: none"> The company complies with all environmental laws and regulations when constructing and building branches, while taking concrete steps to manage waste and monitor their carbon footprint. Certifications from the Central Environment Authority (CEA) are duly obtained.
Efficient use of space and resources	<ul style="list-style-type: none"> The excessive and unnecessary use of granite, floor tiles, suspended ceilings, tempered glass and large windows are eliminated where possible. To ensure maximum productivity, more than 85% of building floor area constructed is designed to be used, as working office space and monitored accordingly.

RESPONDING TO CHALLENGING CONDITIONS

Due to the numerous macroeconomic challenges experienced during the year, the company's construction activities reached a standstill. The company faced constraints in sourcing raw materials, furniture and fittings, and accordingly, Ceylinco Life initiated a number of policies with respect to building management and construction to ensure resource efficiencies were achieved.

- A decision was made to purchase land with existing buildings in order to maximise existing resources. The company will not demolish properties, but will refurbish previously built structures.
- The company utilises space efficiently and merge and consolidate branches to minimise its footprint.
- Engaging in virtual site visits or carpooling to minimise transport-related costs. All site instructions and tenders are managed digitally in order to minimise paper consumption and mitigate the need for travel.
- In order to accommodate the social distancing measures during the COVID-19 pandemic, the company purchased additional furniture. The company will continue to utilise existing furniture and fittings and repair and reuse the same where necessary.
- The company migrated from conventional construction methodology to pre-cast construction during the year, particularly with

respect the Minuwangoda project. With pre-cast construction, rather than continuously transporting materials to the construction site, certain units would be built at a different location and assembled later on site. This method ensured that significant savings were achieved in terms of fuel consumption, while reducing the construction time by 70%.

- In order to expand its presence, the company established collection points across rented spaces in high density areas including shopping malls and office complexes. This will further build visibility and brand presence, while minimising the company's impact on its surroundings.
- The company continued to pursue the 3R concept of 'Reduce, Recycle and Reuse' across its projects to ensure minimum wastage, and repurpose or re-use existing materials where possible. Accordingly, the branches in Nugegoda and Jaffna were renovated during the year.

IMPLEMENTING 7R PRINCIPLES

Two projects were planned in Nugegoda and Jaffna and total construction cost had been increased nearly by 300%. Therefore, company decided refurbish the existing buildings instead going for new constructions and reorganized the premises catering current business requirements. The cost savings were as follows.

Nugegoda

Projected Cost: LKR 450 Mn

Final Cost: LKR 11 Mn

Jaffna

Projected Cost: LKR 80 Mn

Final Cost: LKR 8.5 Mn

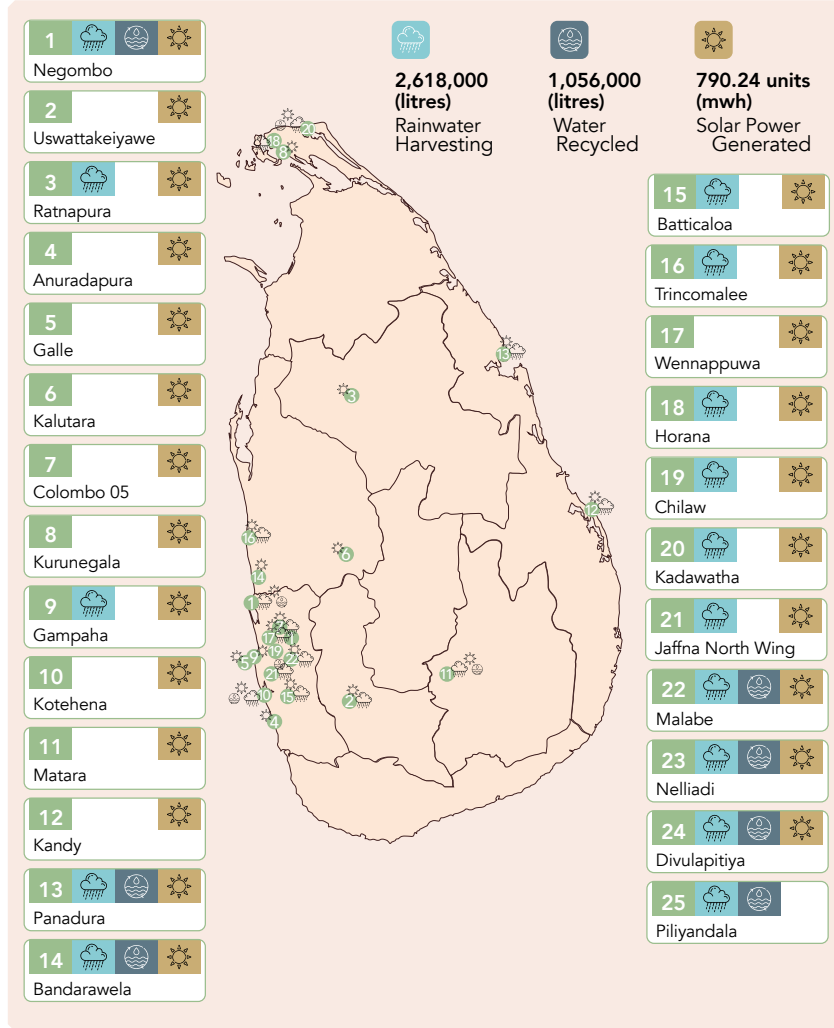
RENEWABLE ENERGY AND SUSTAINABLE RESOURCE CONSUMPTION

Ceylinco Life is deeply committed to expanding its renewable energy capabilities – a policy that held the company in good stead during the year under review, considering the shortage of fuel and electricity.

The company made considerable strides in this journey during the year by augmenting its solar power network by 285.8 kW. This included the enhancement of the Kurunegala branch from the 3 KW system established 12 years ago to a significant 33 KW system.

Location	Capacity	Investment (Rs.)
Serene	110.0 KW	11,895,300
Ratnapura	20.5 KW	3,149,600
Kurunegala	33 KW	4,267,200
Kandy	33.8 KW	4,291,397
Matara	20.6 KW	3,089,000
Galle	45.9 KW	5,700,000

ISLAND-WIDE ANALYSIS OF RENEWABLE ENERGY GENERATED AND SUSTAINABLE RESOURCE CONSUMPTION



No.	Branch	Rainwater Harvesting (litres)	Water Recycling (litres)	Solar Generation units (mwh)
1	Negombo	385,000	66,000	82,340
2	Uswattakeiyawe	-	-	56,047
3	Ratnapura	154,000	-	20,940
4	Anuradhapura	-	-	69,240
5	Galle	-	-	3,835
6	Kalutara	-	-	26,030
7	Havelock Town	-	-	63,480
8	Kurunagala	-	-	40,843
9	Gampaha	154,000	-	51,360
10	Kotehena	-	-	47,280
11	Matara	-	-	13,640
12	Kandy	-	-	19,540
13	Panadura	154,000	66,000	23,700
14	Bandarawela	154,000	594,000	3,138
15	Batticaloa	154,000	-	14,040
16	Trincomalee	154,000	-	14,610
17	Wennappuwa	-	-	21,810
18	Horana	154,000	-	19,110
19	Chilaw	154,000	-	20,990
20	Kadawatha	154,000	-	21,490
21	Jaffna North Wing	154,000	-	52,430
22	Malabe	154,000	66,000	21,600
23	Nelliadi	308,000	66,000	29,750
24	Divulapitiya	154,000	132,000	22,960
25	Piliyandala	77,000	66,000	30,040
Total		2,618,000	1,056,000	790,242

OUR STRATEGIC IMPERATIVES



FUTURE OUTLOOK

SHORT-TERM (NEXT YEAR)

- Reduce carbon footprint by 5%
- Proposals through e-submissions to reduce paper in insurance proposals - 96%

MEDIUM-TERM (NEXT 2-3 YEARS)

- Conversion into R-410 air conditioners
- Green buildings - 2 buildings per year
- All solar projects to be registered to obtain carbon credits for offsetting
- Reduce carbon footprint by 5%
- Replace 05 generators with battery back-up systems

LONG-TERM (BEYOND 3 YEARS)

- Sustainable business expansion and development
- Responsible resource management and disposal
- Conversion into a plastic & polythene free workplace
- Replace generators with battery back-up systems

REALIGNING OUR STEADFAST COMMITMENT TO INVESTING IN OUR PEOPLE

MATERIAL TOPICS

3, 6

EVEN AMID DISRUPTIONS IN THE SOCIO-ECONOMIC LANDSCAPE, CEYLINCO LIFE REMAINED UNDETERRED IN ITS COMMITMENT TO SAFEGUARD THE FUTURE OF ITS EMPLOYEES. THE COMPANY CONTINUED TO FOCUS ON ELEVATING THE OVERALL EMPLOYEE VALUE PROPOSITION BY SIMPLIFYING AND STREAMLINING PROCESSES, WHILE CONCURRENTLY DRIVING ASPECTS OF FINANCIAL SECURITY AND FACILITATING THE PEOPLE'S WELL-BEING AND LONG-TERM GROWTH.

Key Dynamics

- The fear and uncertainty surrounding the COVID-19 pandemic has waned as the world begins to adapt to the new normal
- The rising cost of living and the economic crisis have impacted job security and employee welfare, while disrupting people's way of life
- The increased migration of skilled talent due to predicted uncertainties

Emerging Needs

- Continued demand for remote work and the added convenience and flexibility of a digitised work environment
- An increased need for financial security, mental health and well-being and accommodative policies
- A need for an improved value proposition to ensure employee retention

OUR STRATEGIC IMPERATIVES



Our Strategy

- Offering increased financial security and stability
- Nurturing talent and enabling their progress
- Improving structures to enable convenience and efficiency
- A holistic approach to health and well-being
- Understanding and building a motivated workforce
- Grooming future leaders and improving resilience
- Fostering equal opportunity and principles of trust

Priority Areas for 2022

- RI** Competitive Benefits, Remuneration and Employee Welfare
- RU** Training and Development Opportunities
- M** Workplace Flexibility and Digital Transformation
- M** Employee Health and Well-being
- RI** Employee Engagement and Effective Communication
- RD** Career Advancement and Succession Planning
- RI** Diversity, Inclusion and Ethical Practices

RI Ranking increased **RD** Ranking decreased **RU** Ranking unchanged **M** Modified/new focus area

DESIRED DESTINATION

To become the employer of choice in Sri Lanka, in order to attract, develop and retain unmatched talent and guarantee excellence in customer service.

PROGRESS IN 2022

Certified as a 'Great Place to Work' in 2022 for the third consecutive year. A special Action Circle in building a motivated workforce	Rs. 2.8 Bn disbursed to employees as remuneration and cash benefits	19.1 Training hours per employee
51% female representation in the total workforce including sales agents	90% employee retention rate and 12% of employee turnover per annum	Improving mental health and well-being

Impacted SDGs:



Impacted Capitals:



“As the undisputed market leader, our distinctive strength is our team with diversified competencies and talent. We firmly believe that this distinctive resource caters to current, strategic, and future business needs. As a service-oriented organisation, human touch and intervention play a significant role in augmenting our proposition. We have focused on developing professionalism, customer service excellence, and ethical business practices as the major pillars in our business success.”

Mr. M J N S A Jayatilake - AGM - Human Resources



OUR STRATEGIC IMPERATIVES

DIVERSITY AND DYNAMICS OF THE EMPLOYEES

Following statistics and tables outline the diversity and dynamics of the employees at Ceylinco Life

CATEGORY	EMPLOYMENT TYPE			Total
	Contract	Permanent	Special Contract	
Director	0	5	0	5
Senior Manager	1	39	11	51
Manager	0	26	0	26
Assistant Manager	1	41	0	42
Branch Head	0	64	1	65
Career Sales	0	44	0	44
Executive	4	491	7	502
Staff	0	16	1	17
Total	6	726	20	752
%	0.80	96.54	2.66	100

Majority represents the permanent category. Special contract category represent those who have been given post retirement employment opportunity.

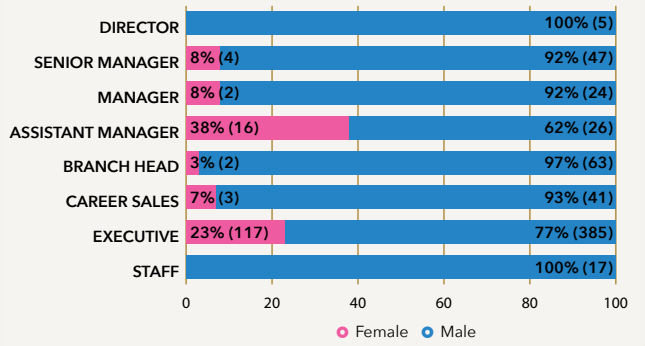
Ceylinco Life does not engage employees on a part time/casual basis.

Total Employees

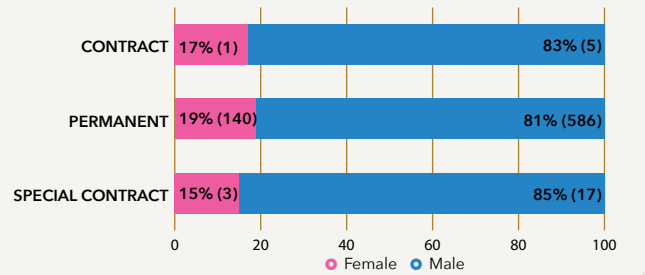
752

Ceylinco Life has steadily increased the female representation of its cadre over the years.

EMPLOYEES BY GENDER



EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

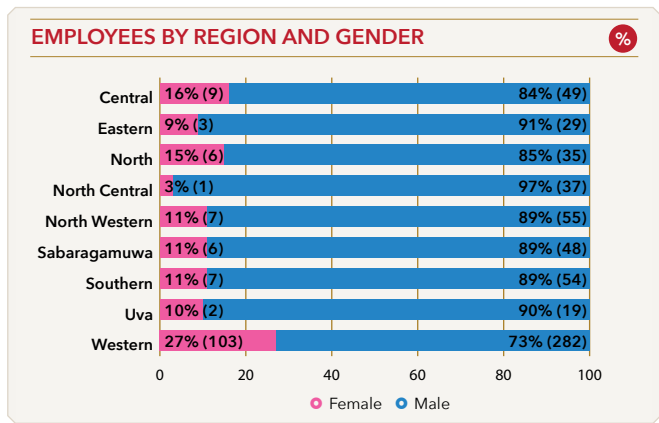


INVESTING IN OUR PEOPLE

EMPLOYEES BY AGE GROUP													
Age	18-25		26-35		36-45		46-55		55<		Total		
Category	F	M	F	M	F	M	F	M	F	M	F	M	
Director	0	0	0	0	0	0	0	0	0	5	0	5	5
Senior Manager	0	0	1	2	2	6	0	26	1	13	4	47	51
Manager	0	0	0	1	2	6	0	16	0	1	2	24	26
Assistant Manager	0	0	6	10	6	9	3	6	1	1	16	26	42
Branch Head	0	0	0	1	2	13	0	47	0	2	2	63	65
Career Sales	0	0	0	0	0	9	3	29	0	3	3	41	44
Executive	23	12	59	100	12	141	20	118	3	14	117	385	502
Staff	0	0	0	0	0	5	0	10	0	2	0	17	17
Total	23	12	66	114	24	189	26	252	5	41	144	608	752
%	3.06	1.60	8.78	15.16	3.19	25.13	3.46	33.51	0.66	5.45	19.15	80.85	100.00
Total count in each Age group	35		180		213		278		46				
Total % in each Age group	5		24		28		37		6				

OUR STRATEGIC IMPERATIVES

EMPLOYEES BY REGION											
Category	Province									Total	
	Central	Eastern	North	North Central	North Western	Sabaragamuwa	Southern	Uva	Western		
Director	0	0	0	0	0	0	0	0	5	5	
Senior Manager	2	2	1	1	3	2	1	0	39	51	
Manager	0	0	0	2	2	1	1	1	19	26	
Assistant Manager	1	0	3	0	2	2	3	0	31	42	
Branch Head	3	5	6	3	5	7	6	2	28	65	
Career Sales	6	1	4	1	5	5	7	2	13	44	
Executive	42	24	27	31	42	37	40	16	243	502	
Staff	4	0	0	0	3	0	3	0	7	17	
Total	58	32	41	38	62	54	61	21	385	752	

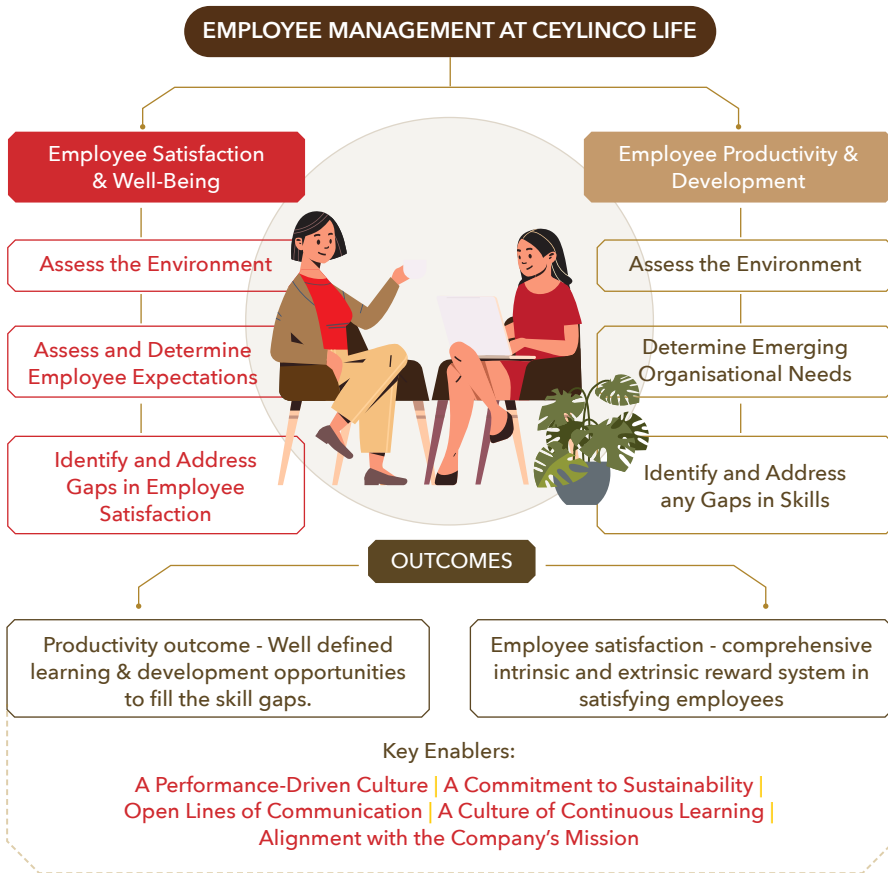


EMPLOYEES BY REGION AND EMPLOYMENT TYPE

Province	Contract	Permanent	Special Contract	Total
Central	0	56	2	58
Eastern	0	32	0	32
North	0	41	0	41
North Central	0	38	0	38
North Western	0	61	1	62
Sabaragamuwa	1	52	1	54
Southern	0	57	4	61
Uva	0	21	0	21
Western	5	368	12	385
Total	6	726	20	752

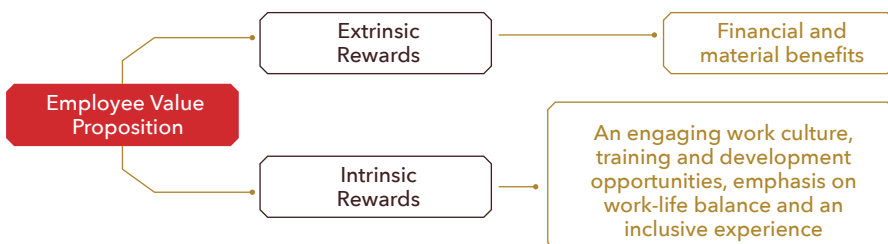
OUR APPROACH TO MANAGEMENT

At Ceylinco Life, we believe our employees are the cornerstone of our progress. We follow a two-pronged approach that pursues employee satisfaction and welfare, while driving their productivity and progress.



The above-mentioned integrated approach to strategic human resource management ensures our employees are developed and nurtured in line with the organisation's purpose, while equipping them to overcome challenges and capitalise on the opportunities of the future. Our policies and processes are therefore designed to uphold their well-being, while creating an environment conducive for efficiency and development.

The Company's performance-driven culture is further reinforced by an organisation-wide commitment towards sustainable development and continuous learning. Open lines of communication across Ceylinco Life ensures that employee concerns are identified and addressed at any stage of the employee life cycle. In line with this commitment, the company continued to conduct comprehensive analysis pertaining to its employees and its value proposition throughout the year.



AN UNMATCHED EMPLOYEE VALUE PROPOSITION

All employees are provided with benefits and rewards that far exceed industry standards; a long-standing commitment that elevates Ceylinco Life's status as a preferred employer within the sector. The organisation is focused on combining the right balance of extrinsic and intrinsic rewards and benefits to attract and retain exceptional talent.

A GREAT PLACE TO WORK CERTIFICATION (™)



Ceylinco Life's success in addressing the above-mentioned factors is evidenced by the company being adjudged 'A Great Work Place' for the third consecutive year – an independent analysis conducted by the world's foremost authority on workplace culture.

The survey encompasses the entire workforce and assesses the overall employee experience based on the five principles of Credibility, Respect, Fairness, Pride and Camaraderie in the Trust Index © Survey. Existing people practices are in turn assessed by means of a Culture Audit © Management Questionnaire. The company's ratings for key focus areas were witnessed to be similar across both genders of employees, thereby denoting equal opportunity and equitable treatment.

INVESTING IN OUR PEOPLE

Aspect	Achievement
Trust Index © Score	The company achieved its second successive five-mark improvement
Corporate Image Meaningful Values Integrity	The company was awarded the highest rating
Management Competency Physically Safe Place to Work Management Vision Credibility	Ranked above the average score received by the 50 best workplaces for statements related to these aspects

The following aspects were identified as key priority areas for the organisation to improve in the upcoming year:

- Develop Ceylinco Life as a fun place to work.
- Implement more experiential learning opportunities through experiments.
- Increase trust across all employee categories
- Place further attention on celebrating special events.
- Create a more psychologically and emotionally healthy place to work.

IMPACTED SDGS:

PRIORITY AREA 01:
Competitive Benefits, Remuneration & Employee Welfare

SNAPSHOT

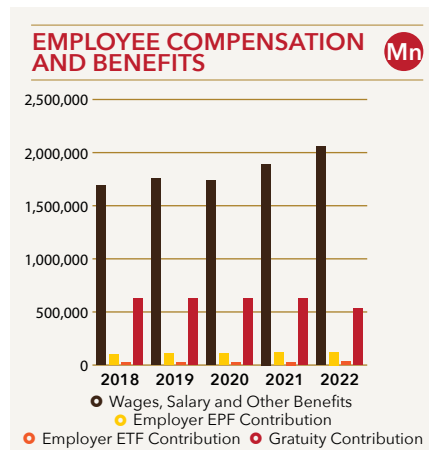
- Uninterrupted remuneration, no reduction in pay and no lay-offs
- Distribution of all planned profit incentives and bonuses to maintain employee morale
- Providing an advance of the profit incentive to ease the burden of rising inflation.
- Providing employee benefits and value propositions far exceeding industry standards

ENSURING FINANCIAL STABILITY AND JOB SECURITY

The year under review placed a considerable strain on employee welfare and financial stability, particularly exacerbated by the impacts of the economic crisis on the people's way of life.

12%
Increase in Remuneration

LKR 2.8 Bn
Disbursed to Employees in as remuneration and cash benefits 2022



Amid the adverse impacts of the macro-economic environment on the organisation and its growth, Ceylinco Life guaranteed continuous job security and financial stability across all employee categories by ensuring

uninterrupted remuneration, with no reductions in pay incurred, and no retrenchments taking place during the year. The Company continued to ensure it remained at a healthy financial status, and continuously communicated to its employees regarding any developments with respect to profitability and growth (refer pages 68 - 87 for more details).

Additionally, employment extensions were granted to outgoing employees with dependants.

Ceylinco Life is built around a performance-based culture, and therefore rewards and motivates its employees to achieve improved organisational performance via a profit incentive scheme. Employees benefit from higher organisational profitability, which is derived from the achievement of KPIs and corporate objectives.

This initiative ensures greater degrees of employee involvement and investment in the company's growth, while recognising and rewarding employees for their contribution to the Ceylinco Life's success. The organisation awards other incentive schemes upon the meeting of corporate and departmental objectives to drive year-on-year improvements in performance.

All planned profit incentives and bonuses were distributed among employees, thereby maintaining employee morale, and fostering a motivated workforce. In order to ease the burden on employees, the Company's management made a decision to declare and provide an advance of the profit incentive to the workforce. The Company furthermore conducted several advisory sessions to support employees and provide invaluable insights in terms of prudent money management skills.

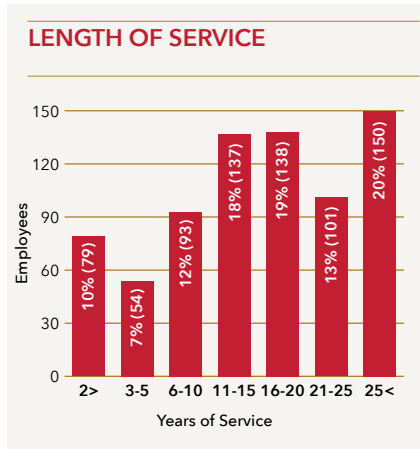
EMPLOYEE WELFARE

Due to the impact of the economic crisis on employee welfare, the organisation initiated a number of mechanisms to support their continuity and meet their basic needs.

- The Company ran 6 staff buses across 6 key routes, thereby benefiting approximately 250 employees.
- The Company further reimbursed travelling costs and public transport costs.
- Dry rations were offered at a concessionary rate to employees to minimise the strain of rising costs.
- Engaging in agreements with suppliers to ensure the continuous supply of scarce essential goods.
- Employees' basic needs were managed through vouchers distributed via the Employee Union.
- The provision of one-month salary advance for all employees against their salary.

EMPLOYEE RETENTION

The consistently high retention ratio of 90%, and the number of employees who continue to maintain over 10 years of service at Ceylinco Life validate the success of the company's initiatives taken to create an engaging and progressive work environment. To date, over 526 employees have served the company for 10 years and above, constituting approximately 70% of our workforce.



OUR STRATEGIC IMPERATIVES

LENGTH OF SERVICE																	
Category	2>		3-5		6-10		11-15		16-20		21-25		25<		Total		
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	
Director	0	0	0	0	0	0	0	0	0	0	0	1	0	4	0	5	5
Senior Manager	2	1	1	1	0	5	0	6	0	5	1	6	0	23	4	47	51
Manager	0	0	0	2	1	3	1	3	0	4	0	5	0	7	2	24	26
Assistant Manager	3	3	1	2	5	4	2	8	1	4	2	1	2	4	16	26	42
Branch Head	0	2	0	2	0	1	2	20	0	19	0	13	0	6	2	63	65
Career Sales	0	0	0	0	0	0	3	8	0	12	0	9	0	12	3	41	44
Executive	39	28	16	27	21	52	16	63	4	86	1	62	20	67	117	385	502
Staff	0	1	0	2	0	1	0	5	0	3	0	0	0	5	0	17	17
Total	44	35	18	36	27	66	24	113	5	133	4	97	22	128	144	608	752

EMPLOYEE TURNOVER BY REGION, AGE AND GENDER													
	18-25		26-35		36-45		46-55		55<		Total		
	F	M	F	M	F	M	F	M	F	M	F	M	
Central	2	-	1	2	-	2	-	-	-	-	1	3	5
North	-	-	-	2	-	-	-	-	-	-	-	-	2
North Central	-	-	-	1	-	-	-	-	-	-	-	-	1
North Western	-	-	1	1	-	2	-	3	-	1	1	1	7
Sabaragamuwa	1	1	1	1	-	1	-	1	1	2	3	6	6
Southern	-	-	-	-	-	2	-	-	-	-	-	-	2
Uva	1	-	-	2	-	-	-	-	-	-	-	1	2
Western	5	2	23	13	2	4	-	4	-	3	30	26	26
Grand Total	9	3	26	22	2	11	-	8	1	7	38	51	51

INVESTING IN OUR PEOPLE

IMPACTED SDGS:



PRIORITY AREA 02:
Training and Development Opportunities

19.1
Average Training Hours per Employee

LKR 6.5 Mn
Invested in Training

SNAPSHOT

- Recommencement of on-site/ physical training programmes and overseas training
- Incentivising heads of departments to encourage training among the employees under their purview
- Prioritisation of training related to personal development

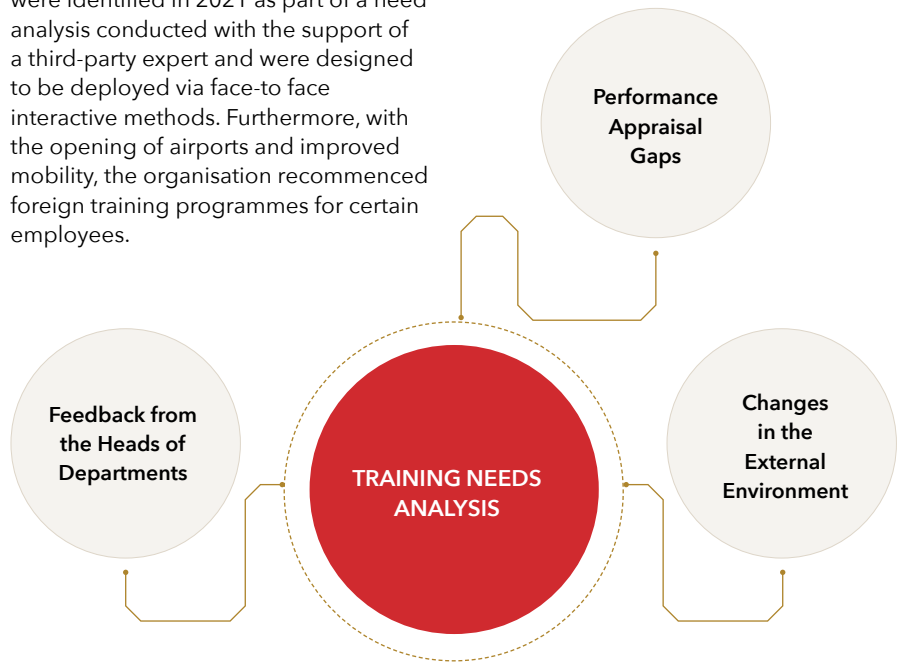
As the impacts of the pandemic began to settle, Ceylinco Life renewed its focus on training and development. The company adopted a hybrid approach to employee training, having identified the benefit of online programmes on employee productivity, accessibility and cost. Remote training further supported employees amid the fuel crisis which impacted mobility to a

great extent towards the close of the year. The Company however prioritised training programmes and certain programmes were postponed with the onset of the pandemic due to their non-transferability to online platforms.

The organisation was therefore able to conduct certain training programmes essential towards succession planning, in order to equip promotable employees for their potential new roles in their professional journey. These programmes were identified in 2021 as part of a need analysis conducted with the support of a third-party expert and were designed to be deployed via face-to face interactive methods. Furthermore, with the opening of airports and improved mobility, the organisation recommenced foreign training programmes for certain employees.

IDENTIFYING TRAINING NEEDS

The Company relies on a comprehensive analysis to determine new focus areas, emerging needs and points for improvement for employees. A structured training calendar was developed, taking into account the outcome of performance appraisals from below average performers, combined with an analysis of the external environment and feedback from the respective Heads of Departments.



OUR STRATEGIC IMPERATIVES

Development Program for Successors



Induction Program



FOSTERING A LEARNING CULTURE

Ceylinco Life remains deeply committed towards enabling continuous skills development and training programmes. These initiatives serve two primary functions:

- To contribute towards the growth and progress of our employees, while enhancing levels of organisational excellence and customer care.
- The Company typically relies on diverse training methodologies to optimise its outcomes. During the year, the following types of training programmes were conducted to derive the best possible results.

At Ceylinco Life, training is linked to rewards. Each employee is awarded 08 Continuous Professional Development (CPD) points based on the achievement of a minimum number of training hours. This factor is included within their KPIs, which in turn feed into salary increments, promotions and other awards.

The Company fosters a two-way process wherein employees actively engage in seeking out opportunities for learning and development by approaching their respective Heads of Department with their requests, while the Heads of Department are rewarded for offering training to their employees.

The Company invested Rs. 6.5 Mn in training, in comparison to the investment of Rs. 6.1 Mn made in the previous year.

CATEGORIES OF TRAINING			
	F	M	Total
Functional Training	1,186	8,384	9,570
Soft Skill Training	1,107	2,574	3,680
Workshop & Seminars	179	934	1,112
Total	2,471	11,892	14,363
No of Employees	144	608	752
Average Training hours	17	20	19

AVERAGE TRAINING BY EMPLOYEE CATEGORY			
Category	F	M	Total
Permanent Sales Force	15	13	15
Senior Manager	23	19	22
Manager	30	12	28
Assistant Manager	24	20	20
Executive	22	17	21



Accordingly, the company invested 6.5 Mn in training, in comparison to the investment of Rs. 6.1 Mn made in the previous year. Each employee achieved a minimum 08 hours of training, while recording 14,364 total hours of training during the year. The Company primarily focused on cultivating aspects of personal development, while maintaining skill development where required.

INVESTING IN OUR PEOPLE

CEYLINCO LIFE'S TOASTMASTERS CLUB

Ceylinco continues to invest in people and gives distinctive attention to communication and leadership skills. Company hosted its ninth installation ceremony of Ceylinco Life Toastmasters Club in the year 2022, during which a new executive committee was appointed to empower them with leadership skills, new members were registered in order to improve their communication and leadership skills, and awards and accolades were bestowed upon outstanding members of the past year to recognise them.

Hall of Fame Award of 2022

Members (04) who demonstrated exceptional skills to bring recognition to the club and the Ceylinco Life brand among the Toastmasters fraternity were inducted to the Ceylinco Life Toastmasters Club - Hall of Fame for the year 2022.

Club recognized at the International level - Quality Club Award



First Toastmaster of Ceylinco Life achieving the "Distinguished (DTM) Status" -

The Distinguished Toastmaster (DTM) award represents the highest level of educational achievement in Toastmasters International.



Executive Committee for the year 2022-2023

OUR STRATEGIC IMPERATIVES

IMPACTED SDGS:

PRIORITY AREA 03:
Workplace Flexibility and Digital Transformation

Digitalization of clearance and off boarding process, no pay refund process and recruitment & selection process

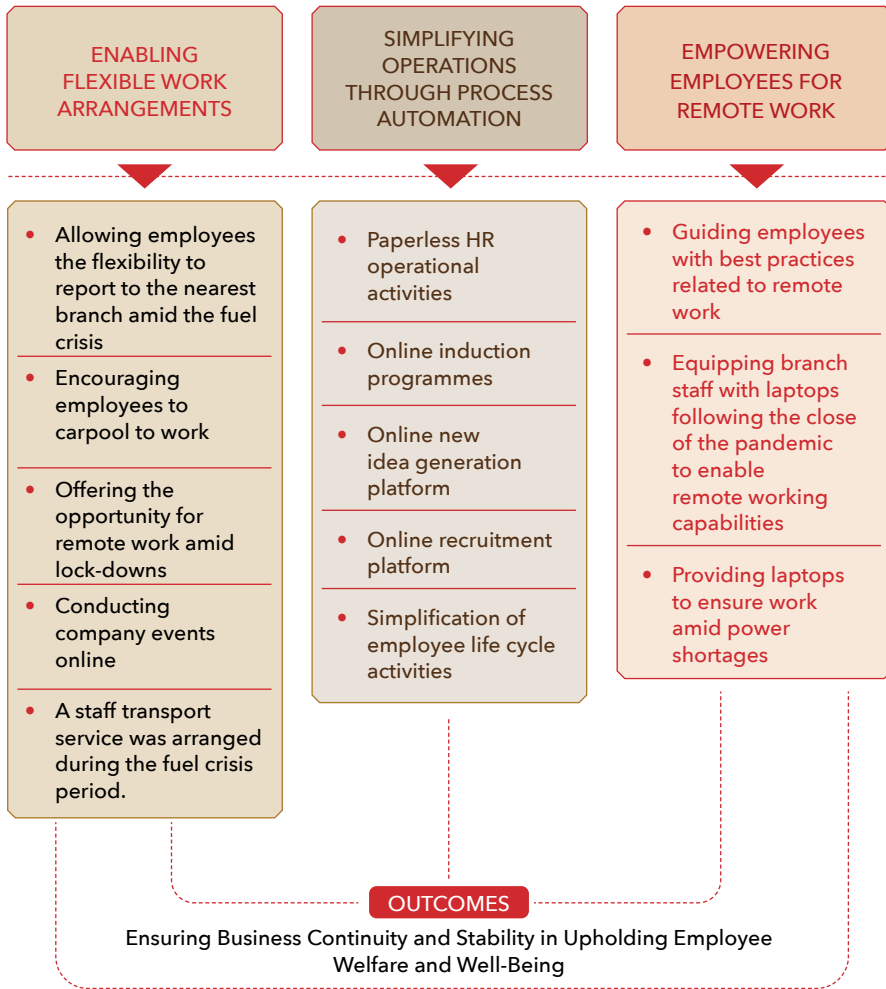
SNAPSHOT

- Ensuring continued employee productivity and welfare through flexible work arrangements
- Equipping employees with the right resources and equipment for remote work
- Simplifying work through digital transformation

Following the pandemic, Ceylinco Life continued to build flexible and adaptive structures to ensure business continuity and seamless operations in addition to enabling employee convenience and welfare. This sustainable approach ensured that the organisation would continue to remain stable, thereby reassuring employees of the company's ability to support their journey in the long-term. The company continued to manage employee expectations in line with changes in the environment, while simplifying work processes. These efforts were strengthened by the structures

and processes already in effect due to the pandemic, which enabled the organisation to adapt to the seismic shifts in the environment.





IMPACTED SDGS:

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

PRIORITY AREA 04:
Employee Health and Well-Being

SNAPSHOT

- Focusing on enabling both physical and mental well-being among employees
- Maintaining COVID-related health guidelines despite the minimised impact of the pandemic
- Conducting a health camp and offering certain medical checkups to employees and their immediate family at concessionary rates
- Conducting workshops related to mental well-being and offering counselling sessions to employees
- Introduced a COVID-19 preventive measurements checklist, which is to be completed by Business Development Managers at each branch visit.

OUR STRATEGIC IMPERATIVES

A very catchy song with video was developed by our very own team members to capture the best practices of working from home. This song video was featured in the company Intranet and was very well received by the staff members.



Even as the COVID-19 pandemic subsided, Ceylinco Life continued to maintain guidelines with respect to social distancing and hygiene. However, as the economic crisis began to take effect and create tension and anxiety among individuals from all walks of life, the organisation expanded its focus to address the mental health and well-being of its employees.



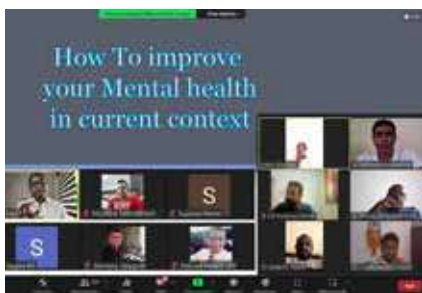
INVESTING IN OUR PEOPLE

In order to address physical well-being, the company conducted a health camp in October 2022 in partnership with its subsidiary, King's Hospital. 110 participants from the head office attended the camp, and they were able to identify and address health-related concerns, while receiving advice for managing post-COVID symptoms. The company further introduced certain medical checkups at a discounted rate for employees and their close relatives, providing the opportunity for early identification of certain non-communicable diseases.

The company further implemented certain mechanisms to foster improved mental health among its workforce. For a greater part of the year, two dedicated counsellors were appointed within the organisation.

The following counselling programmes and training were conducted by experts to promote greater mental health and family well-being.

TRAINING PROGRAMME	TRAINING HOURS
How to improve your mental health in the current context	285
Importance of Counselling	350
How to improve Mental Health & Well-being (stress management)	300
Parenting Under COVID - 19	345
Positivity in the Darkness	300
Total Training Hours	1,630




The following benefit schemes are extended to employees, according to the eligibility criteria specified below.

MEDICAL / EMERGENCY FACILITIES		
Benefit/Scheme	Criteria and Availability	Beneficiaries/Benefit Paid
Company Life Insurance Cover	Offered to all employees, free of charge	Rs. 9 Mn
Additional Comprehensive Life Cover	Offered at a concessionary rate	Rs. 28.7 Mn
Ceylinco Life Health Insurance cover	Free for Associates and discounted rate for family	Nil
Contributory Medical Fund	To claim OPD bills	Rs. 23.5 Mn
Critical Illness Retirement Cover	For Associates above 30 years a concessionary rate	Nil
Employee Distress Loan Scheme	One month's gross salary for any emergency	Rs.4.6 Mn
Death Donations	Family members and immediate family members	Rs.879,625
07 days of Sick Leave	All the Associates	3,820 days
Annual Health Camp	All associates in Head Office	
Allowance for Basic Medical Checkups	Rs 10,000 for all employees above the age of 40	110
Informative sessions and workshops on health and well-being	For all employees	1,630
COVID-19 Death Cover	Benefit offered free of charge with an additional death benefit of 1 Mn for those facing the untimely loss of a loved one	Nil


MEDICAL / EMERGENCY FACILITIES	
Benefit/Scheme	Criteria and Availability
Additional leave for quarantine purposes	All Associates
LKR 10000/- grant to purchase spectacles	Below manager categories
Medical checkups	Offered at discounted rates to employees and their immediate family

SPORTS/ RECREATION	
Benefit/Scheme	Criteria and Availability
Fully equipped Gymnasium	Open daily for all associates
Online Avurudu Kreedas	For all employees
CSR Activities	For all employees
Company representations at competitions and tournaments	Quiz team, Netball and Cricket Teams
Christmas Carols	For all employees
Online Poson Bathi Gee	For all employees


MEALS AND NUTRITION	
Benefit/Scheme	Criteria and Availability
Organic harvest from Green Club farms	Head Office Employees
Arrangements to supply Dairy products for employees at a concessionary rate	For all employees




COVID-19 HEALTH & SAFETY	
Benefit/ Scheme	Criteria and Availability
Providing surgical and KN95 masks	For all employees
Quarantine area for asymptomatic suspects and standby RAT kits for emergencies	
Equipped all staff with the necessary resources to enable Work-from-Home capabilities	



ADEQUATE WORKING HOURS	
Benefit/ Scheme	Criteria and Availability
Work-life balance (5 days per week and 8 hours per day)	All employees
Encouraged not to work after 5.30 p.m.	
24 hours of short leave per annum	For all employees
Flexibility in working hours	Mainly for Associates in locked-down/ quarantined areas



TRANSPORT	
Benefit/ Scheme	Criteria and Availability
Reimbursement of fuel expenses	For official & personal travel (Rs.42.8 Mn Paid)
Transport allowance for public transport	For Executive staff category
Initiating staff transport across key routes (06 main routes)	For all employees



OTHER BENEFITS	
Benefit/ Scheme	Criteria and Availability
Motorcycle loan scheme for employees	All employees
Car hire scheme	Assistant managers and above
Employee wedding gift	All employees
Professional Exams	All employees
Contribution to retirement benefit scheme	All employees

IMPACTED SDGS:



PRIORITY AREA 05: Employee Engagement and Effective Communication

4 Concerns/Complaints Raised by Employees

100% Concerns/Complaints addressed by the Company

SNAPSHOT

- Quarterly communications led by the senior management to provide reassurance and encouragement to employees
- Providing a range of channels for employees to table their concerns
- Continuing initiatives to drive employee empowerment and involvement in key projects

Ceylinco Life values the relationships it builds with its workforce and has therefore established a range of policies and procedures to enable high levels of employee engagement and open communication. The company's management welcomes employees to share innovations, strategies and ideas that would enhance the organisation's overall proposition and supports a number of initiatives to enable a sense

of empowerment and involvement in the organisation's success.

Amid the challenges and uncertainty faced by employees during the year under review, the senior management comprising the Company's Chairman, CEO and a number of other Heads of Departments/General Managers conducted quarterly meetings with the entire workforce. The primary objective of these meetings was to strengthen the mindset of the employees amid challenging times and provide assurance of job security. The management would remain open and transparent regarding the organisation's financial position and reassure employees of Ceylinco Life's continued stability and support.

Furthermore, any amendments related to policies, procedures or operations are communicated to employees well in advance and posted on the Company's intranet to ensure they are easily accessible. The employees can rely on other alternate channels to remain apprised of key developments within the organisation, such as internal emails and newsletters. Additionally, an open-door policy is maintained to ensure the workforce can approach the management to table their concerns and suggestions. Furthermore, any concerns raised regarding any organisational shortcomings at the employees' counselling sessions are brought to the attention of the management, protecting the respective employee's anonymity at all times.

The Company further introduced weekly departmental meetings to enable Heads of Departments to communicate top-level strategies and decisions to all associates, with other Department Heads in attendance to share their insights.

The Company conducted the following development workshops in order to foster employee relationships:

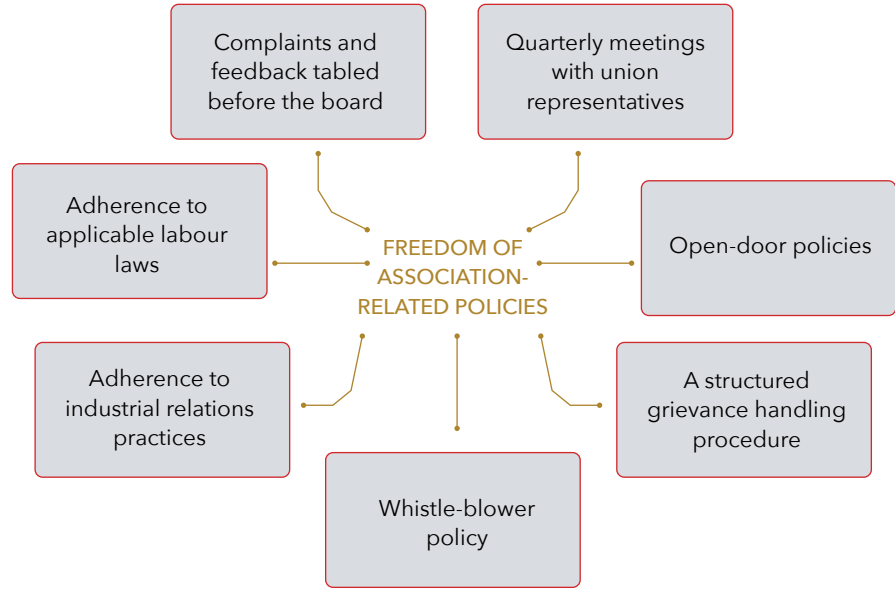
- Customer Service Excellence
- Diversity and Inclusion Training
- Attitude Development for Maintenance Staff

INVESTING IN OUR PEOPLE

- Counselling Skills for Ceylinco Life Staff
- Leave No One Behind
- Mental Health and Well-being
- Trust and Image Building

GRIEVANCE HANDLING POLICY

Ceylinco Life provides its employees the opportunity to bring forward their grievances and concerns to the attention of the management via a formal employee grievance handling process. During the year, 04 grievances on discriminations and supervisory issues were recorded. These 04 grievances were escalated to the Executive Directors who addressed them with the respective Heads of Departments. The matters were resolved and remedial action as taken.



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Ceylinco Life believes Freedom of Association is a fundamental right afforded to its employees, which is protected by the nation's constitution. Every permanent employee is made a member of the Ceylinco Life Employees' Union by default and the organisation maintains continuous, open and cordial relationships with the Union. All members are required to adhere to the terms and conditions of the Union, and the leaders of the Union are empowered to approach the company's Directors and elevate their concerns to the topmost level of the organisation.



EMPLOYEE EMPOWERMENT

The Company remains focused on involving its employees in the organisation's development, in addition to encouraging their participation in Ceylinco Life's environmental and social initiatives in order to derive purposeful, holistic and impactful growth. Certain key projects during the year were assigned to the leadership and stewardship of employees with the requisite ideas, capabilities and skills. 23% promotions were witnessed within the organisation, and the organisation adopted in job enrichment practices to drive employee empowerment and ensure each employee was recognised within their respective roles.



PROMOTING NEW IDEAS AND OUT OF THE BOX THINKING

The Super Idea Hero campaign continued to be in effect during the year. 60 new ideas were submitted, of which 03 were chosen for execution at the corporate level. The Company continued to enhance the campaign based on feedback received from employees who believed their ideas were not being

heard. To reassure employees that their ideas were taken into consideration, all rejected submissions were returned with feedback to the respective employees with the relevant reasoning behind the decision. This enabled employees to learn from their Researches, while driving continuous learning Researches and invaluable insights.

CREATING A COHESIVE AND PROGRESSIVE CULTURE

05 key project groups were assigned the responsibility of developing the 05 key areas for improvement identified via the Focus Group Discussions during the Great Place to Work Survey. A number of workshops and initiatives were executed by each group, in addition to many process and policy changes, spanning the following areas:

- Camaraderie
- Top-Down and Bottom-Up Communication
- Innovation
- Fair Treatment
- Interpersonal Relations with Managers

IMPACTED SDGS:

8 DECENT WORK AND ECONOMIC GROWTH

PRIORITY AREA 06: Career Advancement and Succession Planning

159 Employees Promoted

11 New Interns

SNAPSHOT

- Our promotion cycle continued during the year
- Relied on job rotations and job enrichment mechanisms to ensure employee satisfaction
- An internship programme was introduced for the very first time to provide young talent with on-the-job functional training opportunities.

Despite the negative impact on the company's operations, Ceylinco Life remained committed towards employee development and continued to maintain its promotion cycle during the year. The year under review shows 159 employees being promoted to the next stage of their professional career path.

Due to constraints in the environment, no interim promotions took place for most of the year, and company focused on job rotations and job enrichment to drive employee motivation and provide greater exposure and development during the year. 10 employees were involved in this initiative.

Most notably, in 2022, Ceylinco Life introduced its first internship programme, with 11 interns hired across various business functions, including Marketing, HR, Actuarial, IT and Alternative Business Channels. While providing opportunities for the nation's youth through entry level jobs, the company hopes to utilise this initiative as a replacement for forecasted employee turnover during the year.

PROMOTIONS BY CATEGORY							
	Female Promotions	Female Cadre	As a % of Cadre	Male Promotions	Male Cadre	As a % of Cadre	Total Promotions
Director	0	0	0	0	5	0	0
Senior Manager	0	4	0	9	47	19	9
Manager	0	2	0	5	24	21	5
Assistant Manager	7	16	44	5	26	19	12
Branch Head	1	2	50	7	63	11	8
Career Sales	1	3	33	5	41	12	6
Executive	23	117	20	96	385	25	119
Staff	0	0	0	0	17	0	0
Total	32	144	22%	127	608	21%	159

PROMOTIONS BY REGION										
Category	Province									
	Central	Eastern	North	North Central	North Western	Sabaragamuwa	Southern	Uva	Western	Total
Director	0	0	0	0	0	0	0	0	0	0
Senior Manager	0	2	0	0	1	1	0	0	5	9
Manager	0	0	0	0	0	0	0	0	5	5
Assistant Manager	0	0	0	0	1	0	1	0	10	12
Branch Head	1	0	2	0	1	0	0	1	3	8
Career Sales	0	0	2	1	0	0	0	1	2	6
Executive	12	3	6	8	7	5	10	3	65	119
Staff	0	0	0	0	0	0	0	0	0	0
Total	13	5	10	9	10	6	11	5	90	159

ENABLING PROGRESS

The company adheres to clearly defined succession plans and prioritises internal recruitment to fill any potential role. Ceylinco Life therefore ensures all employees are trained and fully equipped for the next stage in their professional journey.

The company does not restrict the freedom of movement of its employees and supports its employees to achieve their future dreams and aspirations in terms of enabling their career

advancement and growth. Further, as a policy the Company invites suitable internal candidates to apply for any vacancy published.

Each employee category is assigned corresponding qualifications and criteria that determine eligibility for promotions within the Company and are therefore required to address any gaps through learning and development, prior to taking the next step forward in the leadership pipeline. Currently a policy proposal to have an independent

INVESTING IN OUR PEOPLE

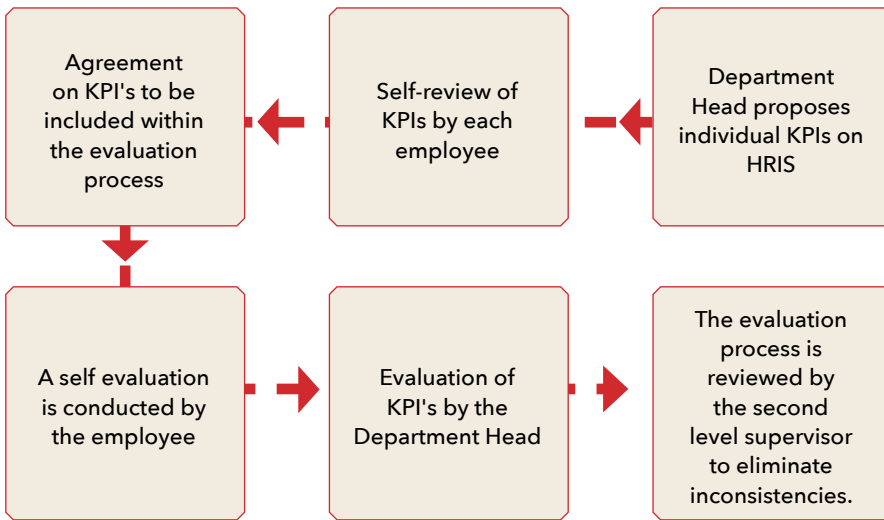
promotion evaluation board is under management observation. Through this, any employee who meets the criteria for annual promotions can apply and he/she needs to justify the promotion to this special board for unbiased evaluations and recommendations.

EVALUATING PERFORMANCE OF ASSOCIATES

Ceylinco Life determines the suitability of employees for career succession via a comprehensive performance evaluation. A 180° evaluation is conducted on a bi-annual basis, comprising self-evaluations

which are then escalated to the respective department heads to assess the accuracy thereof, and determine whether departmental objectives were met by each employee in achieving the corporate objectives as the final outcome.

Alignment with KPIs is assessed by means of the company's Human Resource Information System (HRIS), which is a computer-based evaluation system that helps standardise the appraisal process.



OUR STRATEGIC IMPERATIVES

IMPACTED SDGS:

PRIORITY AREA 07: Diversity, Inclusion and Ethical Practices

59% Female Recruits

20% Female Representation in the Permanent Workforce

SNAPSHOT

- 59% female recruitments within the year
- Enabling equal promotion opportunities
- Active female representation in Action Plans Implementation Teams.
- A 360-degree Grievance Handling and Harassment Prevention mechanism
- Female leadership across 05 key departments



Ceylinco Life prides itself as an equal opportunity employer and therefore does not tolerate any form of discrimination regardless of gender, age, race, disability or other factors. The company continues to provide equal opportunities for progression, even among the top management and the Board of Directors.



The Company adheres to local and internationally recognised human rights practices and does not wilfully engage

in child labour or forced labour. As such, no incidences of child labour or forced or compulsory labour were recorded, and no instances of discrimination or violations of human rights came to light during the year.

As in the past, in order to maintain unbiased remuneration, a standard entry level salary on par with industry standards and commensurate with qualifications and experience is offered to all new recruits regardless of their gender. The entry level wage is established at 1.6 times the minimum wage stipulated by the government. Throughout the employee lifecycle, the Company's remuneration policy does not discriminate on the basis of gender.

GENDER PARITY AND EQUAL OPPORTUNITY

Ceylinco Life continued to drive women empowerment, while working towards achieving a balanced workforce, as evidenced by the organisation's recruitment policies. Wherever possible, the Company hires from within the region, to ensure opportunities for growth are made available to individuals across the island.

NEW RECRUITS BY GENDER AND REGION			
Province	F	M	Total
Central	1	0	1
Eastern	0	0	0
North Central	1	1	2
North Western	2	1	3
Sabaragamuwa	3	3	6
Southern	2	1	3
Uva	1	1	2
Northern	0	3	3
Western	17	9	26
Total	27	19	46
%	59	41	

NEW RECRUITS BY AGE AND GENDER											
Age Category	18-25		26-35		36-45		46-55		55<		Total
	F	M	F	M	F	M	F	M	F	M	
Director	0	0	0	0	0	0	0	0	0	0	0
Senior Manager	0	0	0	0	0	0	0	0	0	0	0
Manager	0	0	0	0	0	0	0	0	0	0	0
Assistant Manager	0	0	1	2	0	1	0	0	0	1	5
Branch Head	0	0	0	1	0	1	0	0	0	0	2
Career Sales	0	0	0	0	0	0	0	0	0	0	0
Executive	8	5	17	8	1	0	0	0	0	0	39
Staff	0	0	0	0	0	0	0	0	0	0	0
Total	8	5	18	11	1	2	0	0	0	1	46

All senior management members are hired from the local community.

A notable achievement was the hiring of two female employees for manager categories during the year. Each employee heads their respective department and is involved in a number of key projects essential to the organisation's success.

Return to work rate	Returned to work	7	100%
	Returning due in 2022	7	
Retention Rate	Retained after 12 month	3	75%
	Returned to work in previous year (2021)	4	

Details of return to work and retention after Maternity leave							
No of employees entitled for Maternity leave	No of employees who took Parental leave in 2022 (A)	No of employees who took Maternity leave in 2021 and due to return in 2022 (B)	No of employees who took Maternity leave in 2022 and Returning due in 2023 (C)	No of employees (Returning due in 2023) (A+B-C)	No of employees Returned to work	No of employees Not Returned to work	Returned to work in previous year (2021) & Retained after 12 month
144	6	4	3	7	7	0	3

The Company does not have a paternal leave policy.

INVESTING IN OUR PEOPLE

SEXUAL HARASSMENT POLICY

A stringent sexual harassment policy is in effect, and clearly communicated across all employee categories. The 'Liya Saviya' hotline introduced in 2019 continued to support female employees; enabling them to escalate any irregularities, grievances or misconduct faced in the workplace. All complaints are escalated to a dedicated independent committee for their immediate action.

DIVERSITY, INCLUSION AND PLURALISM

Ceylinco Life recognises the need for creating a peaceful and harmonious working environment and therefore continued to adhere to its policy for diversity, inclusion and pluralism during the year. The company welcomes differently-abled individuals to apply for vacancies within the organisation, with opportunities offered to such individuals based on their ability to fulfil their respective functions, with flexibilities provided where required.

The Company furthermore witnesses regular participation of associates for seasonal events such as Bhakti Gee, sports activities, New Year celebrations and Christmas Carols, with attendees representing a vibrant cross-section of all religious groups – a testament to the high degree of pluralism evident within the workplace.




PROMOTING INTEGRITY AND ETHICAL PRACTICES

Ceylinco Life is committed towards maintaining principles of integrity and trust and therefore has in place comprehensive policies outlining guidelines with respect to the Prevention of Money Laundering and Terrorist Financing, Whistleblowing and Data Protection. The policies are reviewed regularly and revised where necessary in order to enforce a zero-tolerance approach to violation of ethics and code of conduct and other malpractices, and corruption. All employees have been educated on such policies and procedures through the Learning Management System and it is mandatory for all new recruits to read and acknowledge the policies through the system after undergoing a knowledge test. During the year no incidents of bribery and corruption were recorded.

Any amendments to policies, procedures and operations are communicated to employees well in advance, and updated on the company's intranet to ensure greater accessibility. The Company provides adequate notice for its staff before operational changes or significant changes to processes and procedures are conducted.



Policy	Approach
The Prevention of Money Laundering and Terrorist Financing Policy	All employees read and acknowledge the policy via e-learning portal and are regularly educated on and made aware of any new changes
Anti-Corruption and Bribery Policy	The policy serves as an effective means of combating any irregularities and deviations from the established organisational processes
Whistleblower Policy	All new recruits are educated regarding this policy during their orientation. Strong measures are in place to ensure whistle-blowers are not penalised for their actions, and immediate intervention to violation of ethics and code of conduct and other malpractices. to address valid complaints takes place
Data Protection Policy	A comprehensive data protection policy ensures no incidents of data leakage. All information is classified based on visibility and audience, and is adhered to across the organisation


FUTURE OUTLOOK

SHORT-TERM (NEXT YEAR)	MEDIUM-TERM (NEXT 2-3 YEARS)	LONG-TERM (BEYOND 3 YEARS)
<ul style="list-style-type: none"> Focus on employee retention and job security considering the current externalities. Implementation of a robust succession planning process for the Assistant Manager grade and above. 	<ul style="list-style-type: none"> Improving digital/technological literacy of the workforce Minimum of 15 hours of training per employee. Alignment of existing HR policies to improve diversity, inclusion and pluralism. Continue to be certified as a Great Place to Work - rank among the Best 10 in the sector. 	<ul style="list-style-type: none"> Become the most sought-after employer. Fill 90% of Assistant Manager vacancies through existing talent. Continue to be certified as a Great Place to Work - rank among the Overall Best 40

YEAR AT A GLANCE

OUR STRATEGIC IMPERATIVES



INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS



Building a better working world

Ernst & Young
Chartered Accountants
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INTRODUCTION AND SCOPE OF THE ENGAGEMENT

The management of Ceylinco Life Insurance ("the Company") engaged us to provide an independent assurance on the following elements of its Integrated Annual Report for the year ended 31st December 2022 ("the Report").

- Reasonable assurance on the information on financial performance as specified on page 17 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards.

BASIS OF OUR WORK AND LEVEL OF ASSURANCE

We perform our procedures to provide reasonable and limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000) (Revised): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'.

The criteria applied for this assurance engagement:

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 (Revised) and consequently does not enable to obtain

assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

MANAGEMENT OF THE COMPANY'S RESPONSIBILITY FOR THE REPORT

The management of the Company is responsible for selecting the criteria, and for the preparation and presentation and self-declaration of the information contained in the Report in accordance with the given criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the information, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the given criteria. This Report is made solely to the Company in accordance with our engagement letter dated 15th February 2023. We disclaim any assumption of responsibility for any reliance on this Report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka,

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

KEY ASSURANCE PROCEDURES

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusions. We performed such other procedures as we considered necessary in the circumstances. Key assurance procedures included:

- Agreed the information on financial performance as disclosed on page 17 of the Report to audited financial statements
- Validated the information presented and checked the calculations performed by the organization through recalculation
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS



Building a better
working world

- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

LIMITATIONS AND CONSIDERATIONS

Social, Natural and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.


We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

CONCLUSION

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial performance as specified on page 17 of the Report are properly derived from the audited financial statements for the year ended 31st December 2022.
- Nothing has come to our attention that causes us to believe that the information presented in the Report are not fairly presented, in all material respects, in accordance with the relevant criteria.

23 February 2023
Colombo

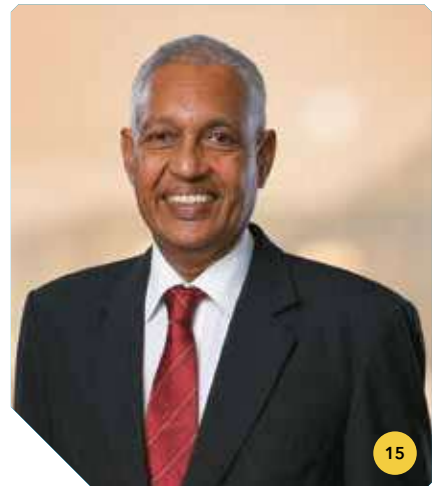


Since inception Ceylinco Life has committed to steadfast and sustainable growth, which has only been possible due to the underpinning governance. The Company recognises the role of robust governance mechanisms for long-term value creation. Efficient corporate governance has acted as a pillar of Ceylinco Life's sustained growth throughout the year.

STEADFAST LEADERSHIP

BOARD OF DIRECTORS





- 01 R RENGANATHAN**
EXECUTIVE CHAIRMAN
- 02 E T L RANASINGHE**
MANAGING DIRECTOR/ CHIEF
EXECUTIVE OFFICER
- 03 P D M COORAY**
EXECUTIVE DIRECTOR/ HEAD OF HUMAN
RESOURCES AND TRAINING
- 04 P A JAYAWARDENA**
EXECUTIVE DIRECTOR/ CFO
- 05 S R ABEYNAYAKE**
EXECUTIVE DIRECTOR/ DEPUTY CFO
- 06 D H J GUNAWARDENA**
NON-EXECUTIVE DIRECTOR
- 07 R S W SENANAYAKE**
NON-EXECUTIVE DIRECTOR
- 08 J A SETUKAVALAR**
INDEPENDENT NON-EXECUTIVE
DIRECTOR
- 09 PROF. EMERITUS W M M DE SILVA**
INDEPENDENT NON-EXECUTIVE
DIRECTOR

- 10 DR. B G S DE SILVA**
INDEPENDENT NON-EXECUTIVE
DIRECTOR
- 11 W M P J K WICKRAMASINGHE**
INDEPENDENT NON-EXECUTIVE
DIRECTOR - *resigned w.e.f. 27 May 2022*
- 12 H S B CALDERA**
INDEPENDENT NON-EXECUTIVE
DIRECTOR
- 13 MS. A K SENEVIRATNE**
INDEPENDENT NON-EXECUTIVE
DIRECTOR
- 14 J DURAIRATNAM**
INDEPENDENT NON-EXECUTIVE
DIRECTOR
- 15 W W L R A FERNANDO**
INDEPENDENT NON-EXECUTIVE
DIRECTOR
- 16 O G V J SENANAYAKE**
INDEPENDENT NON-EXECUTIVE
DIRECTOR

BOARD COMPOSITION AND EXPERTISE

No. Director		Tenure			Board Committees Served	Academic / Professional Qualifications
		Date of First appointment as a Director	Date of last re-election as a Director	Length of Service as a Director (as at 31st December 2022)		
1	Mr. R Renganathan Executive Chairman	22nd April 2014	N/ A*	N/ A*	Chairman - Board Investment Committee, Member - Nomination Committee	Fellow of the Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Institute of Management Accountants, Sri Lanka
2	Mr. E T L Ranasinghe Managing Director/ Chief Executive Officer	22nd April 2014	N/ A*	N/ A*	Member - Board Investment Committee	MBA - Postgraduate Institute of Management (PIM), University of Sri Jayawardenepura, Fellow of the Chartered Institute of Marketing, UK.
3	Mr. P D M Cooray Executive Director / Head of Human Resources and Training	22nd April 2014	N/ A*	N/ A*	None	Fellow of the Life Underwriters Training Council, USA (LUTCF) and a Chartered Insurance Agency Manager (CIAM), Certified Manager of Financial Advisors (CMFA), Executive Diploma in Business Administration, University of Colombo, CII (Award) on Financial Planning from the Chartered Insurance Institute, London.
4	Mr. P A Jayawardena Executive Director/CFO	22nd April 2014	N/ A*	N/ A*	Member - Board Investment Committee	Fellow of The Institute of Chartered Accountants of Sri Lanka and a Fellow of the Institute of Certified Management Accountants, Sri Lanka.
5	Mr. Ranga Abeynayake Executive Director / Deputy CFO	22nd April 2014	N/ A*	N/ A*	Member - Board Investment Committee	He holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management (PIM), University of Sri Jayawardenepura. 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.
6	Mr. D H J Gunawardena Non-Executive Director	22nd April 2014	29.03.2020	8 years & 8 months	Member of RPTR & Audit Committees	Fellow - Chartered Institute of Management Accountants, UK, Chartered Global Management Accountant.
7	Mr. R S W Senanayake Non-Executive Director	22nd April 2014	23.03.2022	8 years & 8 months	Member - Risk and Board Investment Committees	Associate of the Chartered Institute of Management Accountants, UK and a Fellow of the Certified Management Accountants, Sri Lanka Chartered Global Management Accountant
8	Mr. J A Setukavalar Independent Non-Executive Director	22nd April 2014	29.03.2020	8 years & 8 months	Chairman of RPTR and Audit Committees	Fellow of The Institute of Chartered Accountants of Sri Lanka, Chartered Institute of Management Accountants, UK, and Certified Management Accountants, Sri Lanka; a Certified Global Management Accountant; and a Fellow of the Institute of Certified Professional Managers.

Skill and Experience	Other current appointments	Previous appointments
<p>Joined Ceylinco Limited in 1983 and has had a long career in the Group's insurance business. He was responsible for setting up the Life Division of Ceylinco Insurance after the Government of Sri Lanka permitted private insurers to enter the Insurance Industry in 1987. He functioned as the MD/ CEO of the life insurance business of Ceylinco Insurance PLC until the segregation became fully operational in 2015.</p>	<p>Deputy Chairman/ Non-Executive Director - Ceylinco Insurance PLC, Chairman - Ceylinco Healthcare Services Limited, Chairman - Serene Resorts Limited</p>	<p>None</p>
<p>Joined Ceylinco Limited as a Product Manager in 1986, counting over 42 years in sales, marketing and strategic planning, he is one of the pioneer members who set up Ceylinco Insurance PLC.</p>	<p>Executive Director - Ceylinco Insurance PLC, Director - Ceylinco Healthcare Services Limited, Director - Serene Resorts Limited</p>	<p>Founder Member - Chartered Institute of Marketing, Sri Lanka, Executive Committee memberships including the post of Senior Vice Chairman of CIM.</p>
<p>Having joined Ceylinco Insurance as an Assistant Manager - Training in 1987, Mr. Cooray played a key role in setting up the sales force for Ceylinco life insurance. An internationally reputed speaker on life insurance and the first South Asian non-member to address the Million Dollar Round Table (MDRT), a prestigious international life insurance convention.</p>	<p>Executive Director - Ceylinco Insurance PLC, Director - Serene Resorts Limited</p>	<p>None</p>
<p>Joined the Life Division of Ceylinco Insurance PLC in 1990 as Chief Accountant (Branches) and counts over 33 years experience in finance industry.</p>	<p>Non-Executive Director - Ceylinco Insurance PLC, Director - Serene Resorts Limited, Director -Ceylinco Healthcare Services Limited</p>	<p>None</p>
<p>Mr Ranga Abeynayake counts over 25 years of experience in handling key management positions in the areas of Finance, Risk Management, Strategic Planning, Treasury Management and Project Planning. He joined the Life Division of Ceylinco Insurance PLC in March 1998 as Financial Accountant and held many senior positions before appointing to the Board.</p>	<p>He currently serves as a Non-Executive Director of Ceylinco Insurance PLC and also serves as a Director of Serene Resorts Limited.</p>	<p>He formerly served as Chairman / Non-Executive Director of Citizens Development Business Finance PLC.</p>
<p>He counts for over 48 years of experience in shipping, airline, finance, mining, export and import trade.</p>	<p>Director -Hunter & Company PLC, Director -Lanka Canneries (Pvt) Limited, Director -Heath & Co. (Ceylon) Limited, Director -Pelwatte Dairy Industries Limited, Chairman/Non-Executive Director - Techinc Global Advisory (Pvt) Ltd and Non-Executive Independent Director -Ceylinco Insurance PLC</p>	<p>He formerly served as Chairman - Citizens Development Business Finance PLC,</p>
<p>Serves as a member of the Board Investment Committee of the Company having previously served Ceylinco Insurance PLC from 1995 to 2009 in the field of investments, counts over 25 years experience in financial markets including insurance, stock broking, fund management and corporate finance.</p>	<p>Director - AKLAW Consultancy Services (Pvt) Ltd, Chairman- Corporate Capital Market Ltd., Director - Kenanga Investment Corporation Limited, Director - Kenanga Capital Holdings Ltd, Director - SMB Securities (Pvt) Limited, Director - SMB Real Estate Limited, Director - K Seeds Investments (Pvt) Limited, Director - The Magnum Fund Ltd, Director - Ceyline Holdings (Pvt) Ltd., Director - Ceyline Engineering Services (Pvt) Ltd. Director - Ceyline Shipping Ltd.</p>	<p>None</p>
<p>Mr Setukavalar has over 40 years of experience in auditing, accounting and finance. A recipient of scholarships awarded by the British Foreign and Commonwealth Office, UK and the Colombo Plan Bureau, he has been trained at INSEAD - France, IBM - Rochester, USA and JICA - Japan. He also had worked for KPMG Colombo and Price Waterhouse Coopers in Dubai.</p>	<p>Member of the Board of Governors of the CMS schools in Sri Lanka and is the current Chairman of its Finance Committee, Member of the Board of Trustees of the Ceylon School for Deaf and Blind</p>	<p>Director - A. Baur & Co. (Pvt) Limited, Director - Baur Air Services Limited, Director - A. Baur & Company (Travel) Limited, Director - A. Baur Trading (Pvt) Limited, Director - Baur's Agri Exports (Pvt) Limited, Swiss Trading Group (Pvt) Limited, Director - Singer Finance (Lanka) PLC</p>

BOARD COMPOSITION AND EXPERTISE

No. Director	Tenure			Board Committees Served	Academic / Professional Qualifications
	Date of First appointment as a Director	Date of last re-election as a Director	Length of Service as a Director (as at 31st December 2022)		
9 Prof. Emeritus W M M de Silva Independent Non-Executive Director	22nd April 2014	25.03.2021	8 years & 8 months	Chairman of the Remuneration Committee, Member - Nomination Committee	Master's Degree in Surgery from the University of Colombo, a Fellow of the Royal College of Surgeons, Edinburgh. an Honorary Fellow of the Asia Pacific Society of Digestive Endoscopy and an Honorary Consultant Surgeon, Colombo South Teaching Hospital.
10 Dr. B G S de Silva Independent Non-Executive Director	22nd April 2014	25.03.2021	8 years & 8 months	Chairman of the Nomination Committee and Member Nomination Committee	BDS (Sri Lanka), Degree from the University of Peradeniya and an FFDRCS (Ireland) in Oral Surgery
11 Mr. W M P J K Wickramasinghe Independent Non-Executive Director	22nd April 2014	23.03.2020	resigned w.e.f. 27 May 2022	Nomination, RPTR, Risk, Audit Committees	He is a member of the Chartered Institute of Logistics and Transport.
12 Mr. Sugath Caldera Independent Non-Executive Director	22nd April 2014	23.03.2022	8 years & 8 months	Remuneration Committee	An active member of the Bar Association of Sri Lanka, Attorney-at-Law and a graduate of the Faculty of Law, University of Colombo.
13 Ms. A K Seneviratne Independent Non-Executive Director	22nd April 2014	25.03.2021	8 years & 8 months	Chairperson -Risk Committee	BSc. (Specialization) Actuarial Mathematics Concordia University (Canada), Associate of the Society of Actuaries (USA), Associate of the Canadian Institute of Actuaries, Canadian Risk Management Designation (CRM)
14 Mr. Jegatheesan Durairatnam Independent Non-Executive Director	18th November 2018	29.03.2019	4 years & one month	Member- Audit Committee	Bachelor's Degree from the University of Peradeniya.
15 Mr. W. W. Lucian Rehan Albert Fernando Independent Non-Executive Director	30.06.2021	23.03.2022	1 year & 6 months	Member- Board Risk and RPTR Committees	Aircraft maintenance engineers licence
16 Mr. O. G. V J Senanayake Independent Non-Executive Director	15th June 2022	N/ A*	6 months	Member- Board Risk Committee	An MBA from AIB Australia and a Bachelors from the University of Northumbria in Newcastle and recently was awarded the most Outstanding Alumnus award by the Oxford College of Business

Skill and Experience	Other current appointments	Previous appointments
Temporary advisor to WHO-SEARO on Patient Safety. Prof. de Silva has served as a Civil Volunteer Surgeon for the Sri Lanka Armed Forces and has received several accolades in recognition of his outstanding contributions.	None	President - College of Surgeons of Sri Lanka, Vice President - Sri Lanka Medical Association , Director Education of the College of Surgeons of Sri Lanka, , the Former Dean of the Faculty of Medical Sciences, University of Sri Jayewardenepura, Chairman - University Grants Commission of Sri Lanka, Senior Professor and Chair in Surgery.
Dr. de Silva is a Consultant Dental Surgeon with nearly 42 years experience	Executive Director - Intercom (Pvt) Limited, Trustee of Ceylinco Insurance Employee Gratuity Trust Fund	President - Sri Lanka Dental Association and Chairman - Commission on Oral Diseases, Asia Pacific Dental Federation
He counts over 37 years experience in engineering and IT.	Director - LINTA Enterprises (Private) Ltd, Research Institute, Kapruka Trust Fund.	Chief Executive Officer - Lanka Logistics & Technologies Limited, Member - Board of Management of the Urban Development Authority, Chairman - Coconut Cultivation Board, Chairman - Coconut Development Authority, Chairman - Coconut Research Institute.
Practitioner in the Civil Courts in the areas of civil, corporate and commercial litigation together with commercial arbitrations, fundamental rights, administrative law and constitutional law.	Member of the Board of Management of the Superior Courts Complex, Member of the University Services Appeal Board	None
Ms. Seneviratne is an actuary with over 20 years of experience, including 16 years in the life insurance industry in Sri Lanka. She had previously served as the in-house actuary of the Life Division of Ceylinco Insurance PLC.	Director- Technical Activities of the International Actuarial Association	None
Substantial professional experience in Banking, covering all aspects of International Trade, Off shore Banking, Credit, Operations and Information Technology	Director- DFCC Bank PLC, Director - Assetline Finance Ltd, Director - Asian Hotel and Properties PLC	MD/CEO- Commercial Bank PLC, Director- Commercial Development Company PLC, Director - Lanka Financial Services Bureau Ltd, Director - Sri Lanka Banks' Association (Guarantee) Ltd, Director- Lanka Clear Ltd
Following positions were held at Sri Lankan Airlines; Senior Manager Aircraft Maintenance (May 2017 - June 2018) Senior Manager Aircraft Engineering (Sept 2011 - May 2017) Manager Procurement & Logistics (Sept 2003 - Aug 2003) Quality Assurance Manager (Feb 2001 - Aug 2003) Production Planning Manager (May 1999-Jul 2003)	None	None
A visionary business and information technology professional with over 17+ years of experience in Corporate Management, Strategy Implementation, Business Analysis, Process Optimization, Software Development and Delivery Management with exposure in working across multicultural environments and countries (Including Sri Lanka, US and UK).	Chief Operating Officer-Digital Transformation at Brandix	former Chairman ICTA and Director General of the Telecommunications Regulatory Commission of Sri Lanka as well as a past board member of SL CERT

UNWAVERING DEDICATION STRATEGIC MANAGEMENT

STEWARDSHIP AND CORPORATE GOVERNANCE



01



02



03



04



05



07



08



06

- 01. P A J Jayawardena General Manager - Business Development
- 02. R M U K Ratnayake General Manager/ Chief Digital Officer
- 03. A H R Udayasiri General Manager - Business Development
- 04. E R S G S Hemachandra General Manager - Marketing

- 05. J P Abhayaratne General Manager - Operations
- 06. W A W C Wijesinghe General Manager - Business Development
- 07. H G A Sirisena Consultant - Technical (General Manager Grade)
- 08. P P D V Hemakumara Senior Assistant General Manager - Risk Management/Chief Risk Officer

UNWAVERING DEDICATION CORPORATE MANAGEMENT



- 01. **T N Y Morseth** Senior Deputy General Manager - Business Development
- 02. **T Vijayananth** Deputy General Manager - Business Development
- 03. **D S Thilakarathne** Deputy General Manager - Business Development
- 04. **L V Keragala** Deputy General Manager - Alternative Channels & Digital Transformation
- 05. **T D De Silva** Senior Assistant General Manager - Projects
- 06. **H A Suraweera** Senior Assistant General Manager - Agency Administration

- 07. **J L N Jayawardena** Senior Assistant General Manager - Customer Service
- 08. **F H Li** Senior Assistant General Manager - ICT/ Chief Information Officer
- 09. **P A C D Wijayasekara** Senior Assistant General Manager - Internal Audit
- 10. **D A T S Dissanayake** Senior Assistant General Manager - Deputy Head of Operations
- 11. **R D Vipulatheja** Senior Assistant General Manager - Training
- 12. **D M G L Alwis** Senior Assistant General Manager - Portfolio

CORPORATE MANAGEMENT

STEWARDSHIP AND CORPORATE GOVERNANCE



13



14



15



16



17



18



19



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21



22



23



24

- 13. **G A H Chandana** Assistant General Manager - Financial Operations & Compliance
- 14. **L G H A S Kumara** Assistant General Manager - Technical
- 15. **P U C Pathinagoda** Assistant General Manager - Information Systems Audit
- 16. **M J N S A Jayatilake** Assistant General Manager - Human Resources
- 17. **M H Y A Silva** Assistant General Manager - Business Development
- 18. **R M S Wijeyesekera** Assistant General Manager - Systems
- 19. **V M G Kariyawasam** Assistant General Manager - Database Administration

- 20. **K I Weththinghe** Assistant General Manager - Legal
- 21. **P P S Kalyaniwansa** Assistant General Manager - Business Development
- 22. **W S Dabarera** Assistant General Manager - Financial Reporting & Branch Finance
- 23. **D H Canagasabey** Assistant General Manager - Marketing / Deputy Head of Marketing
- 24. **K Sumanthiran** Assistant General Manager - Business Development



- 25. B A Nandalal Senior Manager - Business Development
- 26. P Vincent Senior Manager - Projects
- 27. S K N De Silva Senior Manager - Financial Services
- 28. J S K Ratnayaka Senior Manager - Business Development
- 29. N K Subapanditha Senior Manager - Business Development
- 30. M R N L Fonseka Senior Manager - Operations

- 31. G K S Sriyananda Senior Manager - Operations
- 32. K M S N Karunanayake Senior Manager - Claims
- 33. K L U Priyantha Senior Manager - Business Development
- 34. N T Senavirathne Senior Manager - Business Development
- 35. P H Samarasinghe Senior Manager - Brand Development
- 38. T Nirojan Senior Manager - Business Development

CORPORATE MANAGEMENT



37. R P Gunasekera Senior Manager - Actuarial Services

38. D M M Pussella Consultant - Business Intelligence

39. A K D D C Perera Senior Manager - Business Development

40. V Thanusath Senior Manager - Internal Audit

41. W A C R Alwis Senior Manager - Brand Development

GUIDING PATHWAYS TO EXCELLENCE MANAGERS



01. S P K Senadeera - Manager Projects

02. S P Mamaduwa - Training Manager

03. M A C P Wijeratne Manager - IT Projects



- 04. D A Wijewardena Manager - IT Projects
- 05. D R M T N D Bandara Manager - Business Development
- 06. I B L Wijesinghe Manager - Business Development
- 07. M N Abdeen Manager - Business Development
- 08. D S Hettiarachchi Manager - Business Development
- 09. L P K Rupasiri Manager - Technical

- 10. B A K S M Dharmasena Manager - Information Security
- 11. M C Jayasinghe Manager - Information Systems Audit
- 12. S A T M Wijesinghe Manager - IT Projects
- 13. H H U S C Fernando Zonal Manager
- 14. S E S M Fernando Manager - Administration / Head of Administration
- 15. T D M P C Peiris Christopher Pulle Manager - Training

MANAGERS



16



17



18



19



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21



22



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25

- 16. S D Arulanandam Manager - Customer
- 17. R P L Dammika Zonal Manager
- 18. S P Karunaratne Manager - Operations
- 19. L V S R R De Mel Manager - Administration
- 20. N Luxshumyraj Brand Manager

- 21. A S DE Alwis Manager - Data Base Administration / IT Operations,
- 22. A D S Chandima Manager - Operations
- 23. D C S B Premarathna- Manager - Legal
- 24. C S Kumarasinghe Senior Dealer - Manager Category
- 25. S Dharshan - Zonal Manager

LEADING TO THE WAY

SALES MANAGERS

1. Mr. E B J I Kumara - Acting Zonal Manager
2. Mr. M A S N Peter - Senior Regional Sales Manager (Branch Head)
3. Mr. S S Wettasinghe - Senior Regional Sales Manager (Branch Head)
4. Mr. S A S Chandralal - Regional Sales Manager (Branch Head)
5. Mr. H M J Banda - Regional Sales Manager (Branch Head)
6. Mr. S A A S Kumara - Regional Sales Manager
7. Mr. M P W Cooray - Assistant Regional Sales Manager (Branch Head)
8. Mr. K M P D Chandradasa - Assistant Regional Sales Manager (Branch Head)
9. Mr. S Venukaran - Assistant Regional Sales Manager
10. Mr. T Rajakopal - Assistant Regional Sales Manager
11. Mr. M M R L Perera - Assistant Regional Sales Manager (Branch Head)
12. Mr. T J R Perera - Assistant Regional Sales Manager (Branch Head)
13. Mr. D D E M Gunathilake - Acting Assistant Regional Sales Manager
14. Mr. P Suman - Acting Assistant Regional Sales Manager
15. Mr. B B P WICKRAMASINGHE - Acting Assistant Regional Sales Manager
16. Ms. T Shopana - Senior Branch Sales Manager (Branch Head)
17. Mr. V Baskaran - Senior Branch Sales Manager (Branch Head)
18. Mr. R Mayuran - Senior Branch Sales Manager (Branch Head)
19. Mr. J M S Jayasundara - Senior Branch Sales Manager (Branch Head)
20. Mr. J Piratheev - Senior Branch Sales Manager (Branch Head)
21. Mr. W S R Fernando - Senior Branch Sales Manager (Branch Head)
22. Mr. R M R Udaya Kumara - Senior Branch Sales Manager (Branch Head)
23. Mr. S A S. R Senanayaka - Senior Branch Sales Manager (Branch Head)
24. Mr. S N Hettiarachchi - Senior Branch Sales Manager
25. Mr. J A R S Jayasinghe - Senior Branch Sales Manager (Branch Head)
26. Mr. H L Munasinghege - Senior Branch Sales Manager (Branch Head)
27. Mr. B A Priyantha - Senior Branch Sales Manager (Branch Head)
28. Mr. A P Perera - Senior Branch Sales Manager (Branch Head)
29. Mr. K S A Priyankara - Branch Sales Manager (Branch Head)
30. Mr. B H S Gunathilake - Branch Sales Manager (Branch Head)
31. Mr. D R R Kumara - Branch Sales Manager (Branch Head)
32. Mr. W A S M M Senevirathna - Branch Sales Manager (Branch Head)
33. Mr. A S Samarasinghe - Branch Sales Manager (Branch Head)
34. Mr. D A Nanayakkra - Branch Sales Manager (Branch Head)
35. Mr. V M Ranthilake - Branch Sales Manager (Branch Head)
36. Ms. W G T K Danapala - Senior Business Promotion Manager
37. Mr. W K M C Wickramasinghe - Senior Business Promotion Manager
38. Mr. A I P Manjula - Senior Business Promotion Manager
39. Mr. N Pushpaharan - Senior Business Promotion Manager
40. Mr. K B A Thushara - Senior Business Promotion Manager
41. Mr. W S Fernando - Senior Business Promotion Manager
42. Mr. M. Priyaviraj - Senior Business Promotion Manager - Corporate Sales
43. Mr. N A J Fernando - Business Promotion Manager
44. Mr. S M C Bandara - Business Promotion Manager
45. Mr. K A C P Samarathunga - Business Promotion Manager

A STEADFAST COMMITMENT TO CREATE SUSTAINABLE VALUE

CORPORATE GOVERNANCE

CHAIRMAN'S MESSAGE

Dear stakeholders,

I am pleased to introduce our Corporate Governance Report for 2022, which presents the principles of good governance that we practice at Ceylinco Life Insurance Limited and how governance supports our decisions to deliver our strategy and create sustainable value to all stakeholders. We consider corporate governance to be a dynamic concept and each year we continue to strengthen our compliance frameworks and internal control mechanisms to respond more effectively to the changing business landscape.

As we grappled with the rippling effects of the pandemic, our governance processes ensured sustenance, strength and superior value creation. Our governance approach which is founded on the pillars of stewardship, transparency and accountability was further reinforced with a fourth dimension- sustainability, to ensure that our value creation process is driven with a focus on responsible growth for a sustainable future. We are aware that in addition to financial performance, the overall efficiency of our long-term value creation will be measured by the contribution to society and the environment. These are mutually inclusive aspects and are equally important components in a comprehensive definition of sustainability.

KEY AREAS OF FOCUS

One primary focus of the Board during the year was further strengthening the digital strategy of the Company by revisiting the IS standards and aligning them according to ISO 27001 and implementation of the COMFIE system to track, govern and

take care of the regulatory requirements, performance evaluation and internal operations thereby mitigating future risks. The Board engaged Ernst & Young to develop the IT Roadmap for the next 10 years, focusing on the maintainability, cost saving, cyber security, IT governance, efficiency, scalability etc. Reviewing the readiness for implementation of IFRS 17 and monitoring the compliance level of the Company with changes in the regulatory environment were also key areas of focus. The Board also spent significant time in assessing the implications of the macro-economic conditions, reviewing and revising the policy frameworks and strengthening the Environment and Social Risk Management guidelines of the Company.

CHANGES TO THE BOARD


Mr W M P J K Wickremasinghe resigned from the Board w.e.f. 27.05.2022 & Mr O G V J Senanayake was appointed w.e.f. 15.06.2022 as an Independent Director. Dr B G S De Silva was appointed as the Senior Independent Director (SID) w.e.f. 27.05.2022. With the resignation of Mr. Wickramasinghe the composition of Risk, Nomination, Audit and RPTR committees were changed.

CULTURE AND VALUES

Professionalism, Rewarding, Integrity, Dedication and Excellence are the core values that shape our organizational culture. The practices adopted by the Company under the Code of Best Practice on Corporate Governance 2017 and the Code of Conduct of the Company, guide the conduct of the employees in engaging with internal and external parties to complement value creation. The Board continued to provide guidance on shaping the corporate culture with close engagement and communication with the Management Team.

DECLARATION

This report presents the Company's level of compliance of the Code of Best Practice on Corporate Governance 2017 (The Code) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and Direction No.17 issued on 17th December 2018 under section 96A of the Regulation of Insurance Industry Act No.43 of 2000 (as amended). As required by these regulations, I hereby wish to confirm that, to the best of my knowledge and belief, I am not aware of any material violations of the provisions of the Code of Best Practice on Corporate Governance 2017 and the Code of Conduct of the Company by any Director or any member of the Corporate Management team as of the date of the Annual Report and that the Company has satisfied all statutory payment obligations to the Government and the statutory/regulatory bodies.



R Renganathan
Executive Chairman

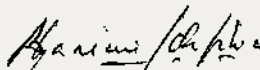
23 February 2023
Colombo

STATEMENT OF THE SENIOR INDEPENDENT DIRECTOR

Our Company is committed to maintaining high standards of Corporate Governance and strives to continually improve its governance practices and processes. The Company follows a strict policy on compliance with the mandatory requirements and taking a step further, embraces voluntary adherence as well. In line with the Code of Best Practice on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka, Ceylinco Life has appointed a Senior Independent Director (SID), as the Chairman plays an executive role, thereby further strengthening the key pillars of the Company's governance framework, transparency, accountability and stewardship.

The presence of the SID provides added value to the role played by the Chairman. While the Chairman provides leadership to the Board, my role as the SID entails review of the effectiveness of the Board's activities. As the SID, I am consulted by the Chairman on governance related matters, and I make myself available to any Director to have confidential discussions on affairs of the Company as and when the need arise. During the year under review, two confidential meetings with Executive Directors and Non-Executive Directors were conducted as per the requirements of the Code of Best Practice on Corporate Governance 2017 in order to discuss governance related matters.

It is my sincere belief that responsible leadership, active involvement of a competent Board, comprehensive policy framework, effective controls and organization culture will lead the way to sustained value creation for our stakeholders.



DR. B G S De Silva
Senior Independent Director

23 February 2023
Colombo

Our Corporate Governance Reporting journey

Area of governance	2017	2018	2019	2020	2021
Board governance	2017: Formation of Board Investment Committee as per the guidelines issued by the IRCSL, Approval of the Remuneration Policy of the Company.	2018: Appointment of Mr. J Durairatnam as an Independent Director Retirement of the former Chairman and appointment of Mr. R Renganathan as the Executive Chairman	2019: Appointment of the Senior Independent Director and introduction of holding confidential meetings with Executive and Non- Executive Directors, Reconstitution of Related Party Transactions Review Committee and Remuneration Committee of the Company.	2021: Retirement of Mr. C S Weerasooriya from the Board as per the requirements of Direction 17 on Corporate Governance Framework and appointment of Mr. W W L R A Fernando as an Independent Non-Exe. Director , Review of Remuneration Policy, Conduct of workshops on reinsurance & quality framework of the company for the Board members	
Financial governance	2017: Development of Investment Policy Statement of the Company	2018: Initiated SAP Finance and Investment System in order to adopt a system driven, investment risk and limit monitoring system.	2019: Commencement of SLFRS 17 & SLFRS 9 projects	2020: Conducting of special audits on SAP migration, Implementation of a Internal Capital Adequacy Policy,	2021: Review of Investment Policy Statement
Risk governance	2017: Development of a Key Risk Indicator Dashboard.	2018: Appointment of a dedicated Chief Risk Officer to review the ERM process more comprehensively.	2020: Conducting of special audits on Anti-Money Laundering, Counter Terrorist Financing, etc. Assessment of the impact of Covid-19 on business continuity. Implementation of a Acceptable User Policy,	2021: Review of Risk Management process and Risk Framework, Risk Appetite statement	
Sustainable governance				2020: Implementation of the Sustainability Policy and appointment of a Sustainability Committee	2021: Revisiting the Company's Document Archiving manual in order to divest excess paper.

STEWARDSHIP AND CORPORATE GOVERNANCE



The Board ensures that the Governance Framework supports the achievement of the Company's strategic objectives while safeguarding the corporate values, reputation and assets and regularly reviews and updates to be in line with the evolving regulations and best practice.

1.1 GOVERNANCE FRAMEWORK AND STRUCTURE

Ceylinco Life has an unwavering commitment towards good corporate governance and conducts its affairs with the utmost intellectual honesty, integrity and diligence whilst being mindful of its obligations to society and the environment. This tone is set at the topmost echelons of the Company's Corporate governance and echoes through the entire work culture. The Board ensures that the Governance Framework supports the achievement of the Company's strategic objectives while safeguarding the corporate values, reputation and assets and regularly reviews and updates to be in line with the evolving regulations and best practice. This framework is underpinned by the governance principles of Stewardship, Transparency, Accountability and Sustainability and it supports the Company to venture beyond mandatory compliance and expand conformance practices to different areas of the business, promoting responsible corporate behavior, strengthening operations, addressing expectations of various stakeholder groups and eventually supporting sustained performance.

CORPORATE GOVERNANCE

STEWARDSHIP AND CORPORATE GOVERNANCE

GOVERNANCE DIMENSIONS



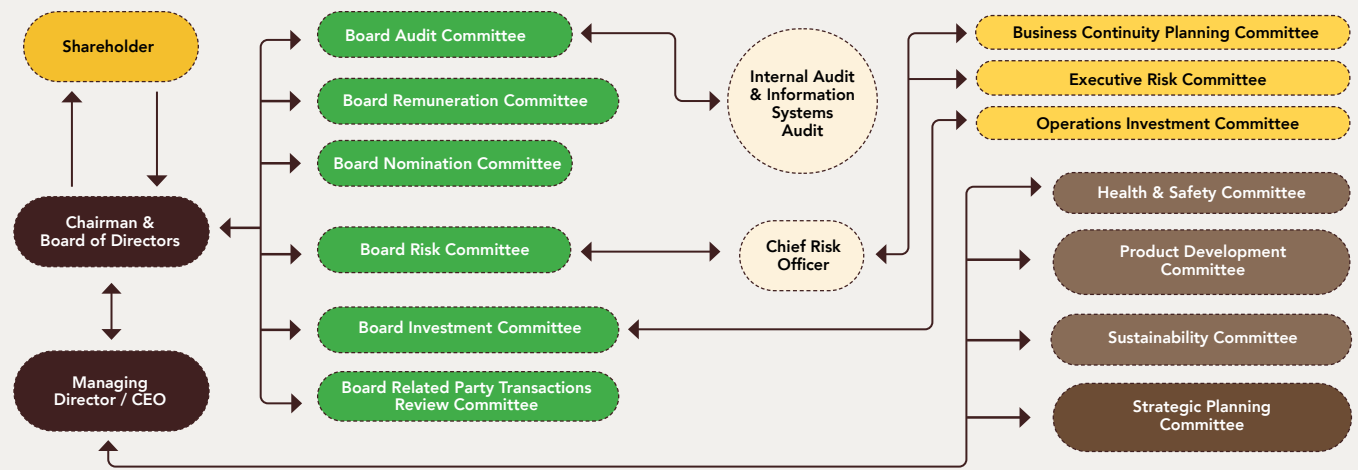
Governance Initiatives



GOVERNANCE FRAMEWORK

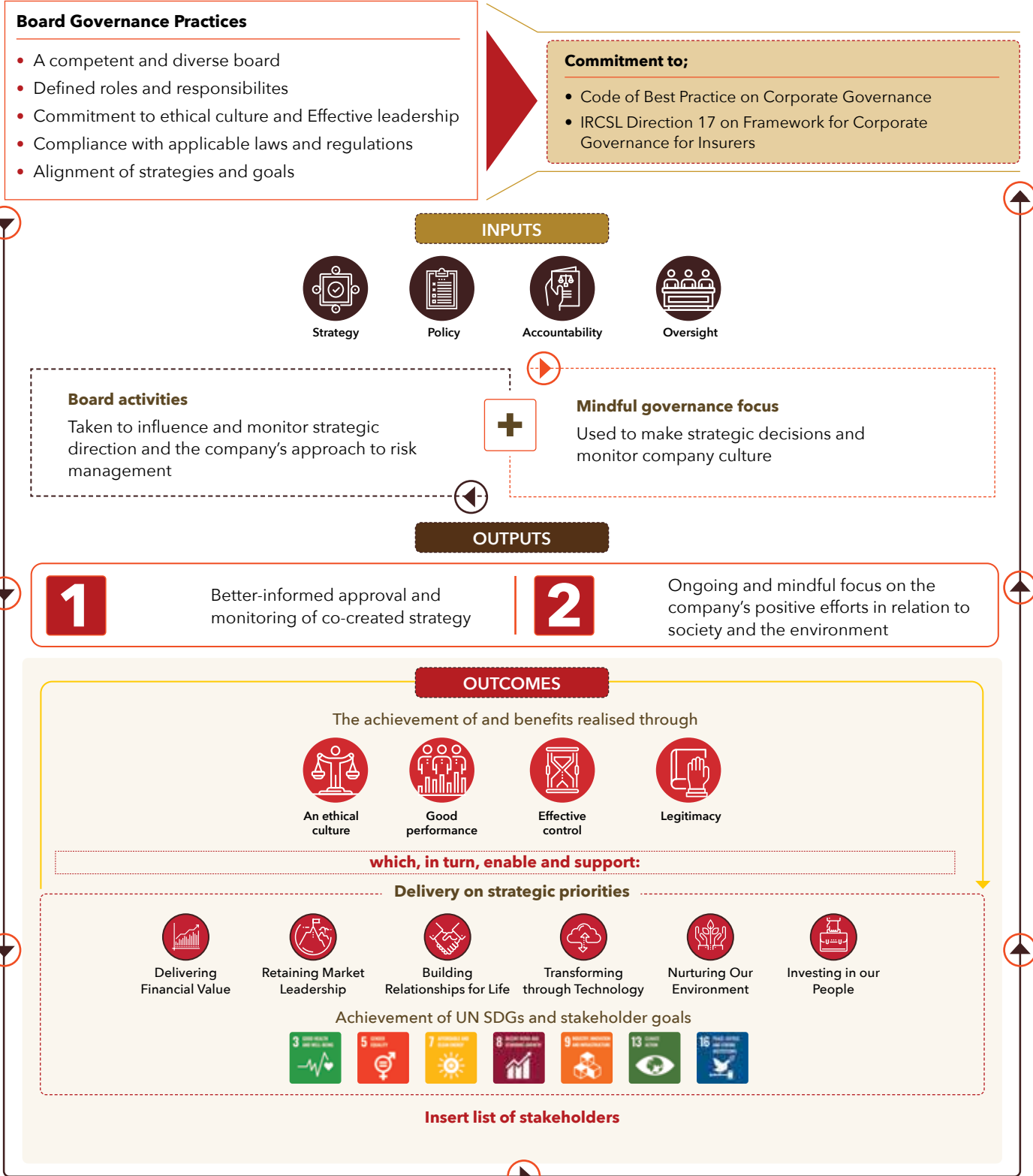
Creating Shareholder Value

Governance Structure



1.2 GOVERNANCE VALUE CREATION

We believe that our approach to governance and leadership in our business supports our overall value creation process. To achieve sustained value, we need to establish and maintain trust with our stakeholders, which would be impossible without embracing governance as a business enabler.



CORPORATE GOVERNANCE

Strategic Priority Board's Contribution in 2022		Outcome
Retaining market leadership	<p>Informative decisions were made by the Board for the safety of its all stakeholders as well as the sustainability of the business.</p> <p>Divisional KPIs were continuously reviewed by the Strategic Planning Committee during the year.</p> <p>Approval and review of systems for Improving Convenience, Reach and Accessibility via various customer touchpoints and determine customer needs.</p>	<p>Sustained Market Leadership, Brand Equity, Top of the Mind of recall</p> <p>Refer pages 88-95</p>
Pioneer in digital transformation	<p>Unrivalled Knowledge, Strategy, and Innovation to identify areas for improvement, and drive product innovation and process improvements by using data analytics</p> <p>Focused on process automation, i.e.. TR & Collection applications, web based quotation system, e-signature application, Lead application, E-KYC etc...</p> <p>Through Board Audit and Risk Committees, the Board assessed the cyber security risks and IT governance of the Company.</p>	<p>Increased customer satisfaction. Company was able to collect and analyze data that turned into actionable, revenue-generating insights. As reflected in brand excellence and awards</p> <p>Refer pages 125-132</p>
Building relationships for life	<p>The Board maintained an effective communication with the sole shareholder through multiple channels during the year i.e. AGM, Circular resolutions , Memos, Newspaper articles, etc...</p> <p>Annual assessment of Board skills, composition and its succession plan was conducted of 2022.</p> <p>Proactively monitored the Group's ethical stance in relation to the whistle-blower event, if any and action taken against instances of non-compliance with the Group's policies, values and culture.</p>	<p>Better understanding of various stakeholders, risks associated, managing their expectations and maintaining a competitive edge.</p> <p>Refer pages 96-124</p>
Investing in our people	<p>The Board oversight was granted for; (Through the Board and its Sub-Committees)</p> <p>Recommencement of onsite/physical training programs and overseas training.</p> <p>Review of CEO and other top management remuneration during the year</p> <p>Equipping employees with the right resources and equipment for remote work.</p>	<p>There were no lay-offs, during turbulent and difficult economic conditions.</p> <p>The Company maintained and built on its its level of employee satisfaction as reflected in independent surveys carried out by Great Place to Work ®</p> <p>Competitive and uninterrupted employees benefits, Remuneration and Employee Welfare Refer pages 144-161</p>
Economic Sustainability	<p>Board Risk Committee constantly reviewed the business continuity.</p> <p>Operational Investment Committee and Board Investment Committee constantly evaluated sound economic decisions making and reported to the Board. These were done in the backdrop of turbulent economic fluctuations of the country</p> <p>Approval of Expense Allocation Policy and Review of Methodology of allocation of assets, liabilities, income and expenses among insurance funds during the year was carried out</p>	<p>Company's resilience in overcoming adverse impacts from COVID-19 pandemic and the subsequent economic meltdown of the country as reflected in its financials and non-financial information</p> <p>Refer pages 68-87</p>
Nurturing Environment	<p>Changes made to have in place a green building construction methodology</p> <p>Conducting e-waste campaign</p> <p>Board oversight and approvals for Investments made in solar projects, green water harvesting, usage of recycled products,etc...</p>	<p>Environmental protection, reduction of carbon footprint</p> <p>Refer pages 133-143</p>

1.3 BOARD GOVERNANCE

1.3.1 BOARD COMPOSITION

The commitment of our Board towards Corporate Governance is a principal element in the achievement of our corporate strategy. The Board is well balanced and competent to discharge their statutory and fiduciary duties, objectively and effectively. As the facilitators of good Corporate Governance, all Directors dedicate significant time and effort to attend the Board and Board Committee meetings and provide independent judgement on matters relating to strategy, performance, risk management, governance and business conduct and ensure all business functions are carried out in an ethical and effective manner to ensure the continued satisfaction of the stakeholders. Five Directors possess sufficient financial acumen and knowledge gained through experience from leading large enterprises and their professional backgrounds. The Board assumes a supervisory role in

overseeing the Management and its performance and acknowledges the responsibility to ensure that the annual report represents a balanced and accurate view of Corporate Governance practices and the salient matters which are expected to affect the stakeholders.

The Board comprises of 15 members out of which 10 are Non-Executive Directors.

The Board comprises of 10 Non-Executive Directors, of whom 8 are independent.

1.3.2 BOARD RESPONSIBILITIES

- Appointing the Chairman and the Senior Independent Director.
- Ensuring that the CEO and the Management Team possess the skills, experience, and knowledge to implement the corporate strategy.
- Ensuring the adoption of an effective succession plan for the CEO and Key Management Personnel.

- Approving budgets and major capital expenditure.
- Determining the matters explicitly reserved to the Board and those delegated to the Management including limits of authority and financial delegation.
- Ensuring effective systems to secure the integrity of information, internal controls, business continuity and risk management.
- Ensuring compliance with laws, regulations and ethical standards.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Recognising sustainable business development in corporate strategy, decisions and activities and considering the need for adopting Integrated Reporting.
- Ensuring that the Company's values and standards are set with an emphasis on adopting appropriate accounting policies and

AGE ANALYSIS OF THE DIRECTORS

Age Group	Percentage
Below 40	7%
41-50	7%
51-60	13%
61-70	53%
71-above	20%

NO. OF DIRECTORS

14 (Male), 01 (Female)

GENDER ANALYSIS OF THE DIRECTORS

Gender	Count
Male	14
Female	1

TOTAL NO. OF EXECUTIVE / NON EXECUTIVE DIRECTORS

Director Type	Independent Directors	Non-Independent Directors
Non-Executive Director	8	2
Executive Director	5	0

TENURE OF NON-EXECUTIVE DIRECTORS

Tenure	Count
< 1 year	1
1-5 years	2
5-9 years	7

EXPERTISE - BOARD OF DIRECTORS

GENERAL SKILLS	NO.
HR	1
Medicine	2
Legal	2
Engineering	1

SPECIFIC SKILLS	NO.				
Actuary	1				
Accounting, Finance and Management	1	1	1	1	1
Investment & banking	1	1			
IT	1				
Marketing	1				

fostering compliance with financial regulations.

- Establishing a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.
- Ensuring that a process is established for corporate reporting on an annual and quarterly basis or more regularly as relevant to the Company.
- Fulfilling other Board functions given the scale, nature, and complexity of the business concerned.

1.3.3 Balance of Power

The Chairman plays an executive role in the Company and thus is the highest executive position. The role of the Chairman is separate from that of the CEO which is in line with the best practices of Corporate Governance. To ensure that no one individual has

unfettered powers of a decision making within the Board, a Senior Independent Director (SID) has also been appointed.

Chairman

- Providing leadership to the Board.
- Promoting a culture of good governance practices and maintaining the standard of integrity.
- Fostering a culture of inclusivity by encouraging the expression of diverse views by Board members and ensuring the participation of all Directors during discussions.
- Ensuring compliance to all applicable laws and regulations.
- Ensuring that shareholder concerns are appropriately addressed.

CEO

- Formation of Corporate objectives with the support of the Senior Management and obtaining of approval of the Board.
- Implementation of the strategic decisions made by the Board and leading the team towards the achievement of these goals.
- Identification, assessment and management of risks and establishing appropriate internal controls to mitigate such risks.
- Development of the succession plan for the Senior Management

CORPORATE GOVERNANCE

Senior Independent Director

Provides independent judgement on matters pertaining to the Board. During the year under review, the SID separately met the Non-Executive Directors and Executive Directors twice, to discuss the governance-related matters of the Company, as required by the code.

1.3.4 Sub-Committees

Delegation of authority to Board sub-committees, allows the Main Board to allocate sufficient time to matters reserved for its decision making, while ensuring delegated matters receive detailed attention. It also allows the Board to capitalise on the specific expertise of individual board members. The Committees are governed by Board approved mandates and Terms of References. Committee Chairpersons are responsible for the effective functioning of the Committees and report regularly to the Board on Committee activities. The Board has established 6 sub-committees and in

addition to this, 6 further Management Committees have been established along subject specific lines to help drive the Company's strategic aspirations.

Board Sub-Committees	Composition
Audit Committee	2 Independent Non-Executive Directors 1 Non-Executive Director
Remuneration Committee	3 Independent Non-Executive Directors
Risk Committee	3 Independent Non-Executive Directors 1 Non-Executive Director
Related Party Transactions Review Committee	2 Independent Non-Executive Directors 1 Non-Executive Director
Nomination Committee	2 Independent Non-Executive Directors 1 Executive Director
Investment Committee	1 Non-Executive Directors 4 Executive Directors

Management Committees

- Strategic Planning Committee
- Executive Risk Management Committee
- Operational Investment Committee
- Sustainability Committee
- Health & Safety Committee
- Product Development Committee

BOARD MEETINGS

Board meetings are held every two months and 6 meetings were held during 2022. The required information for the Board sub-committees is provided by the Management as per the frequency in which meetings are held. The Board/Committee members call for additional information in instances where the Directors find that the information provided to them is inadequate or not clear. Absentees are updated on proceedings of the meeting, by the Company Secretary by way of sending the Minutes to the Board/ Committee members.

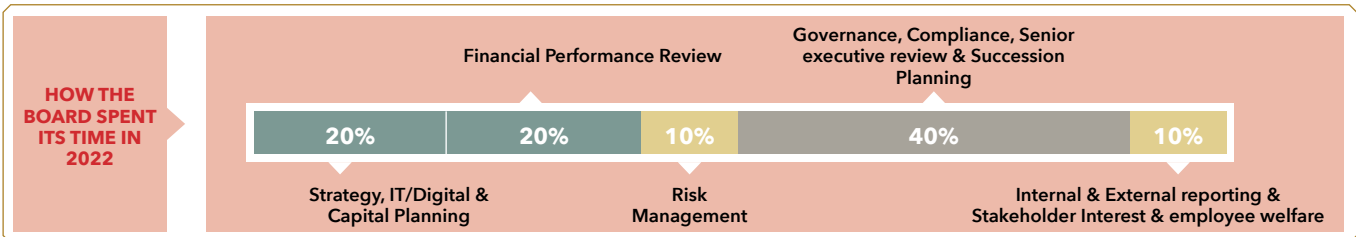
Prior to the Meeting	During the Meeting	After the Meeting
<p>The Board Meeting calendar is communicated to all members before the start of the next calendar year. Accordingly, before each meeting; Respective Chairman with the Board Secretary sets the Board agenda.</p> <p>The Agenda and Board Papers for Meetings are sent generally at least one week prior to the meeting, allowing Members sufficient time to review same.</p>	<p>Directors are provided accurate, relevant and timely information on which they base their decisions.</p> <p>The CEO briefs the Board on the business operations, financial performance, industry trends and developments.</p> <p>Members of the Corporate Management Team are invited to attend Board meetings to discuss relevant areas of business.</p> <p>The Articles of Association of the Company provides direction as to how Directors can call for a resolution to be presented to the Board. Resolutions concerning business matters may be passed by circulation, within the given guidelines.</p>	<p>All proceedings of the Meetings, including Directors' concerns regarding matters which are not resolved unanimously, are recorded in the Board minutes.</p> <p>Board minutes are circulated to Members at least within two (2) weeks of the meeting being held, in compliance with code.</p> <p>Follow-up action required is tabulated by the Company Secretary and forwarded to the respective departments / committees for action.</p>

MEETING ATTENDANCE

Name of the Directors	Directorship Status	Date of Appointment	Board Meetings	Audit Committee	Risk Committee	Related Part Transactions Review Committee	Remuneration Committee	Investment Committee	Nomination Committee
			6	4	5	4	2	4	3
Rajkumar Renganathan	ED-Chairman	22.04.2014	6					3	3
Elmo Thushara Lalindra Ranasinghe	ED-MD/CEO	22.04.2014	6					3	
Peter Devaan Marlon Cooray	ED-HHRT	22.04.2014	6						
Palitha Abeysekera Jayawardena	ED-CFO	22.04.2014	6					4	
Sri Ranga Abeynayake	ED-DCFO	22.04.2014	6					4	

Name of the Directors	Directorship Status	Date of Appointment	Board Meetings	Audit Committee	Risk Committee	Related Part Transactions Review Committee	Remuneration Committee	Investment Committee	Nomination Committee
Total Number of Meetings			6	4	5	4	2	4	3
Don Herschel Jayaprithi Gunawardena	NED	22.04.2014	6	4		4			
Rohan Senake Wickramasinghe Senanayake	NED	22.04.2014	5		5			4	
Jayendran Arulraja Setukavalar	INED	22.04.2014	6	4		4			
Prof. Waradana Mohan Malith De Silva	INED	22.04.2014	4				2		1/2'
Dr. Bodahandi Gamini Srilal De Silva	INED	22.04.2014	6				2		3
Wickramasinghe Mudalige Pushpanatha Jayantha Kumara Wickramasinghe (resigned w.e.f. 27.05.2022)	INED	22.04.2014	1/2'	0/2'	2/3'	0/2'			0/1'
Hollupathirage Sugath Bandara Caldera	INED	22.04.2014	6				1		
Amali Kaushala Seneviratne	INED	22.04.2014	6		5				
J Durairatnam	INED	18.11.2018	6	2					
W W L R Albert Fernando	INED	30.06.2021	6		1/2'	2			
Oshada Gayasri Viduranga Joshua Senanayake (appointed w.e.f. 15.06.2022)	INED	15.06.2022	4/4'		1/2'				

ED - Executive Director, CFO - Chief Financial Officer NED - Non Executive Director, DCFO - Deputy Chief Financial Officer, INED - Independent Non-Executive Director, HHRT - Head of Human Resources and Training, MD/CEO - Managing Director / Chief Executive Officer



1.3.5 Company Secretary

The Board holds the responsibility of appointment and removal of the Company Secretary as prescribed by applicable laws and regulations. The Company Secretary performs a major role in ensuring that good governance practices are always maintained within the Company. Each member of the Board has access to the advice and services of the Company Secretary for matters relating to Board procedures and any clarification on applicable rules and regulations. The Company Secretary assists the Chairman and CEO in setting the agenda and coordinating the Board and sub-committee meetings, ensures timely and accurate information is

provided and prepares and maintains the minutes of the Board/subcommittee meetings. The Company Secretary also provides assistance on matters relating to corporate governance and economic and social sustainability among others.

Required insurance cover has been provided by the Company for key management personnel.

1.3.6 Independence

All Directors act in the best interests of the Company using their independent judgement on matters referred to the Board. When deemed necessary, the Directors seek independent professional advice on matters pertaining to CLIL at the expense of the Company.

Each Director needs to give advance notice of any conflict of interest to the Company Secretary prior to their appointment and they are also required to disclose their interests each quarter at the Board meetings. Further, all Directors submit annual declarations of independence in accordance with the Corporate Governance Directions and the guidelines of the Code of Best Practice. Such declarations were submitted by the Non-Executive Directors for the year 2022 at the Board meeting held on 23 February 2023 for their review.

CORPORATE GOVERNANCE

1.3.7 Changes to the Board

Appointments	Re-Election/Re-Appointment	After the Meeting
Directors are appointed through a formal process as outlined in the Board Mandate and based on the recommendations made by the Nomination Committee. Recommendations are made on consideration of the combined skills, knowledge, experience and diversity of the Board and any gaps thereof. Upon completion of the formalities of the appointment of the new Board member, a brief resume of the Director will be forwarded to the sole shareholder of the Company for their information.	The re-election of Directors is governed by the Articles of Association and the Code of Best Practice on Corporate Governance and performed at the Annual General Meeting (AGM) of the Company. Accordingly, one third of the Directors, excluding the Executive Directors who have been in office the longest, offer themselves for re-election. Directors reaching the age of 70 years are recommended for re-election by way of an ordinary resolution by the sole shareholder of the Company in terms of Sec.210 read with Sec.211 of the Companies Act No. 07 of 2007 and Direction 17 on Corporate Governance Framework for insurers.	In terms of the Articles of Association and Companies Act No.07 of 2007, a director vacates his office, via tendering resignation, becomes disqualified under Sec. 202, 210 of the Companies Act and/or under the provisions of the Direction No.17 issued on 17 December 2018 under section 96A of the Regulation of Insurance Industry Act No.43 of 2000 (as amended)

1.3.8 Training and Development

On appointment, Directors are taken through a formal and tailored induction programme which outlines the main areas that require familiarisation including, the corporate values and culture, the operating model, policies, governance framework and processes, Code of Ethics & Professional Conduct and operational strategies. As additional support the newly appointed Non-Executive Directors are provided the necessary clarifications on technical matters by the Chairman prior to or following Board Meetings and are also given a detailed briefing on the products and the Company's business by the Executive Directors and Senior Management during Board and other sub-committee meetings. Acknowledging the need for continuous training and knowledge development, CLIL regularly reviews the training needs of the Directors.

1.3.9 Board Evaluation

The Board and the sub-committees annually appraise their own performance to ensure that they are discharging their responsibilities satisfactorily in accordance with the Board Charter. The results of the assessments for the year 2022 were duly summarised and presented by the Company Secretary at the Nomination Committee Meeting held on 07th February 2023 and at the Board Meeting held on 23 February 2023 was tabled for discussion by the Board.

The Board also assessed the performance of the CEO for the year. This assessment was based on criteria agreed at the beginning of each year and consists of short, medium and long-term objectives.

1.3.10 Board Remuneration

The Remuneration Policy of the Company ensures that remuneration of both EDs and NEDs is sufficient to attract eminent professionals to the Board and motivate and retain them for driving the performance of the Company. Remuneration is structured taking into account performance and risk factors required for the job and is aligned to corporate and individual performance. The Remuneration Committee is responsible for suggesting and approving the Directors' remuneration and benchmarks it with the market regularly to ensure that it remains competitive to attract and retain talent. The Remuneration Committee sets the principles, parameters and governance framework of the Company's remuneration policy and recommends the terms and conditions of employment of the Chairman, the Board, Executive Directors and the Senior Management.

No individual Director is involved in determining his own remuneration. Independent Director's fees are determined by the Board and supported by the Remuneration Committee which also seeks advice from HR professionals.

The remuneration package of the MD/CEO is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term goals and interests of the Company.

The report of the Remuneration Committee is presented on page 213. Directors' remuneration is disclosed on page 348.

1.3.11 Diversity and Gender Equality

The Board appreciates the positive impact on productivity and competitiveness in engaging a gender diverse workforce. CLIL has in place policies that promote equal opportunity, a safe workplace, flexible working arrangements and has implemented flexible, family-friendly practices, disclosed on page 149. Steps have been taken to combat workplace discrimination and our HR practices also empower female employees to fulfill their career aspirations.

1.4 FINANCIAL GOVERNANCE

1.4.1 Annual Report

The Board has sought to present a balanced and understandable assessment of the Company's financial position, performance and prospects through the Annual Report, combining narrative and visual elements to facilitate readability and comprehension. The Company also voluntarily publishes its Interim Financial Statements in a timely manner, promoting a culture of transparency. All statutory requirements have been complied with and the Board of Directors reviews and approves the Annual Report prior to publication.

1.4.2 External Audit

The Board Audit Committee reviews the independence, the skills and experience and the work of the external auditors annually and recommends their appointment accordingly to the Board. Messrs. Ernst and Young was re-appointed as the External Auditor of the Company for the year at the previous AGM. The Audit Committee remains satisfied with the independence, objectivity and effectiveness of Messrs. Ernst & Young in rendering their audit

and non-audit services. At the previous Audit Committee Meeting held on 21st February 2023, Messrs. Ernst & Young submitted their Annual Statement confirming independence in relation to the external audit as required by the Companies Act No. 07 of 2007 and their re-appointment for the year 2023 will be recommended to the shareholder at

the forthcoming AGM by the Board of Directors.

1.4.3 Shareholder Relations

Effective and on-going communication is maintained with the Company's sole shareholder Ceylinco Insurance PLC. Various means of communication including the AGM, Annual Report,

quarterly financial statements, memos, notices published in the newspapers and Company website are used to disseminate information. The shareholder is also encouraged to maintain direct communication with the Company via the Company Secretary. All responses towards any actions decided by the Board are formally communicated and appropriately recorded.

Details of the 2022 AGM and Key Matters Discussed.

A physical AGM was held on 23 March 2022 and the following matters were considered and approved by the sole shareholder.

- Approval of the Audited Financial Statements for the financial year ended 31 December 2021 together with the Report of Auditors thereon.
- Adoption of the Report of the Board of Directors for the said year.
- Declaration of the first and final dividend of LKR 15.75 per share for the year ended 31 Dec. 2021, to the shareholders of the Company, as recommended by the Board, subject to the regulatory requirements of the IRCSL.
- Re-election of Directors who were over 70 years of age, i.e., Mr D H J Gunawardena and Dr B G S De Silva
- Rotation of Directors under Article 18B of the Articles of Association of the Company, i.e., Mr J Durairatnam, Mr R S W Senanayake, Mr H S B Caldera.
- Election of Mr W W L R A Fernando under A.8.2 of the Code of Best Practice
- Re-appointment of M/s. Ernst & Young (Chartered Accountants) as the Auditors of the Company to hold office until the conclusion of the next AGM and the Directors were authorized to determine their remuneration.
- Directors were authorised to determine the contribution to charities and other donations for the ensuing year.

Each substantially different issue was adopted separately by the shareholder during the meeting. All the resolutions taken up for approval of the shareholder were approved unanimously. In addition, the required information was provided by the SID and other Chairmen of Board Sub-Committees to the shareholder during the adoption of said resolutions.

1.4.4 MATERIAL OR MAJOR TRANSACTIONS

All material/major transactions entered into, which affect the net asset base of the Company are disclosed to the shareholder for their approval in terms of Sec.185 of the Companies Act No. 07 of 2007. During the year, there were no such major transactions entered by the Company in terms of Sec.185 of the Companies Act

the assets of the Group, in meeting strategic objectives. These systems cover all controls, including financial and operational compliance and an assessment of all operations, to remove the risk of fraud and corruption and are monitored and regularly reviewed for effectiveness by the Board. Key focus areas addressed during the year are discussed in detail in the Enterprise Risk Management report (pages 197 to 205), Report of the Audit Committee (pages 216 to 217) and Risk Committee Report (pages 223 to 224).

During the year Board approved the relevant budgets to bolster against Cyber Security threats and connectivity related threats.

The CISO is responsible for overall information security of the Company. The ICT Risk Committee exists to identify cyber risks and report to the CRO and identified Critical Cyber Risks are discussed at the ERM Exco Meetings.

TechCERT operated as the official independent Cybersecurity Consultant for the 11th consecutive year carrying out 4 Internal and External vulnerability assessments and keeping the Company informed of any external threats that might have an impact on CLIL. Several trainings were also carried out on current Cyber security incidents for the Company's CERT - Computer Emergency Response Team. Cyber-Risk Management of the Company was a general Agenda item of the Board Risk Committee Meetings during the year and the minutes of the said meetings were tabled and discussed in detail at the subsequent Board meeting.

The Company is working towards developing an IT roadmap in consultation with third-party experts and will focus on improving its procedures and policies to next generation technologies whilst addressing the cybersecurity threats.

1.5 RISK GOVERNANCE

1.5.1 RISK MANAGEMENT AND INTERNAL CONTROL

The intensifying external pressures including pandemic-led disruptions and macro-economic stress demanded greater attention on identifying and mitigating emerging risks. The Board Audit Committee and Risk Committee played a pivotal role in monitoring the changes in the risk landscape during the year and implementing effective risk management to safeguard the stakeholders interests and the assets of the Company. Combined with Risk management, the Board formulates and implements effective internal controls to safeguard shareholder interests and

Managing IT and Cybersecurity Risks

With the Company's increasing shift towards digitalisation and higher quantum of IT related investment projects, exposure to IT and Cybersecurity risks have increased. Thus, the Board placed an increasing level of emphasis on establishing robust IT policies and strengthening the surveillance and monitoring tools during the year. A highly skilled IT team ensures that IT risks and vulnerabilities are managed in a holistic and consistent manner. The Chief Information Security Officer (CISO) equipped with the relevant knowledge and expertise and appointed by the Board heads the ICT vertical Intergration. ICT functions have been segregated into Information System developments/ ICT Operations Including branch operation / Communication Network and IT Security functions.

CORPORATE GOVERNANCE

Reporting structure under the Cyber Security Policy



1.5.2 COMPLIANCE

The Board is committed to conducting its business operations with integrity, professionalism and with respect to the rights and interests of all stakeholders. The Company is bound by the Code of Business Conduct and Ethics which applies to all employees including Key Management Personnel (KMP) and Directors. The code is available on the intranet for information of all employees and is reinforced at all levels through structured communication. The Compliance officer will report the status of statutory and non-statutory compliance to the Audit/Risk subcommittees and thereafter such reports will be forwarded to the Board for their evaluation. The Board is not aware of any material violations of any of the provisions of the Code by any Director or employee of the Company as of the date of the report.

The Company was compliant with the Regulation of Insurance Industry Act No.43 of 2000 and its subsequent amendments, Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, along with many other applicable legislative enactments during the year under review.

1.5.3 WHISTLEBLOWING

CLIL has adopted a Whistleblowing Policy to deter, detect, and address any genuine concerns of malpractices and unethical behaviour. The policy is communicated to all employees and allows them to anonymously report concerns relating to possible inappropriate financial reporting, internal controls or other matters that may require internal investigation. The aim of the policy is to enable the stakeholders of the Company to feel confident and comfortable to voice their concerns or raise questions while assuring confidentiality and this helps to promote a healthy workplace that practises good governance from the lowest to the highest tiers. There were 4 incidents reported during the year.

1.6 SUSTAINABILITY GOVERNANCE

1.6.1 INTEGRATING ESG

CLIL is greatly aware of the outcomes of its business activities on the environment and society and therefore takes a conscious effort to integrate ESG considerations across the organisation. As a life insurance company, we always balance the needs of today with the

need to honour our commitments in the future. This perspective compels us to consider the economic, social and environmental impacts of our decisions. It is our policy to conduct our business in a sustainable manner, leaving a minimal footprint as possible on our planet and our commitment to sustainability starts with listening to stakeholders.

Our sustainability strategy is anchored on four principles: organisational resilience, environmental responsibility, community wellness, and governance & risk management.

This strategy reflects input from external and internal stakeholders and is aligned with our company's overall vision and mission.

The Board believes that good ESG attributes facilitate better performance and boost stakeholder confidence and satisfies itself that ESG value creation across the various capitals are integrated into the Company's strategy, business model, risk management and reporting processes. This annual report has been prepared in the form of an integrated report addressing the relevant ESG aspects required by the Code.

As a responsible corporate citizen, the Board is also aware of its role in contributing towards the achievement of the United Nations Sustainable Development Goals and the goals that are most relevant to CLIL are set out below along with the key highlights of the year.

E					
S					
G					

1.6.2 BUSINESS CONTINUITY PLANNING

CLIL's business continuity plan contains processes and methodologies which anticipate all forms of threats, crises and disasters that are inherent in the ever-evolving business environment and aims to protect staff, minimise down time and losses, safeguard the Company's reputation and sustain customer confidence.

Governance of Business Continuity is steered by the BCP team comprising of the Executive Directors and Corporate Management with the support of an external consultant. The team monitors the progress of the actions taken on a regular basis and changes required to the BCP to manage new challenges and conduct operations in the most efficient and effective manner are also discussed and implemented.

Key areas addressed in the BCP

- Business impact assessment
- Emergency response plan
- Business unit plans
- IT recovery plan

Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017

This table summarises the Company's compliance with the Code.

Code Ref.	Requirement	Reference	Complied	Page Ref
A	Directors			
A.1	The Board	Governance Structure and Functions	COMPLIED	Pages 182-185
A.1.1	Board Meetings	Board Meetings	COMPLIED	Pages 186-187
A.1.2	Role & Responsibilities of the Board	Role & Responsibilities of the Board	COMPLIED	Pages 183,185
A.1.3	Compliance with laws of the country	Compliance	COMPLIED	Page 190
A.1.4	Access to advice and services of Company Secretary and Insurance Cover	Company Secretary	COMPLIED	Pages 187 & 348
A.1.5	Independent Judgment of the Board	Independence	COMPLIED	Page 187
A.1.6	Dedicate Adequate Time and Effort	Board Meetings		Page 186
A.1.7	Calls for Resolutions	Board Meetings	COMPLIED	Page 186
A.1.8	Board Induction and Training	Training and Development	COMPLIED	Page 188
A.2	Chairman & Chief Executive Officer	Role of the Chairman	COMPLIED	Page 185
A.3	Chairman's Role in Preserving Good Corporate Governance	Role of the Chairman	COMPLIED	Pages 185,183
A.4	Financial Acumen	The Board	COMPLIED	Page 184
A.5	Board Balance	<ul style="list-style-type: none"> • Composition • Independence • Board Meetings • Board of Directors (profiles) • Appointments and Re-election • Role of the Chairman 	COMPLIED	Page 184 Page 187 Pages 186-187 Pages 166-171 Page 187 Page 185
A.6	Provision of Appropriate and Timely Information	<ul style="list-style-type: none"> • Board Meetings • Training and Development 	COMPLIED	Page 186 Page 188

CORPORATE GOVERNANCE

Code Ref.	Requirement	Reference	Complied	Page Ref
A.7	Appointments to the Board	<ul style="list-style-type: none"> Appointment and Re-election Report of the Nomination Committee 	COMPLIED	Page 210 Pages 214-215
A.8	Re-election of Directors	Appointment and Re-election	COMPLIED	Page 210
A.9	Appraisal of Board Performance	Appraisal	COMPLIED	Page 188
A.10	Disclosure of information in respect of Directors	<ul style="list-style-type: none"> Board of Directors (profiles) Board Meetings 	COMPLIED	Pages 166-171 Page 186
A.11	Appraisal of the Chief Executive Officer	Appraisal	COMPLIED	Page 188
B.	Directors' Remuneration			
B.1	Remuneration Procedure	Remuneration	COMPLIED	Page 188
B.2	Level & make up of Remuneration	Remuneration	COMPLIED	Page 188
B.3	Disclosures related to Remuneration in Annual Report	<ul style="list-style-type: none"> Remuneration Report of the Remuneration Committee Aggregate remuneration paid to the Directors 	COMPLIED	Page 188 Page 213 Pages 348 - 350
C.	Relations with Shareholders			
C.1	Constructive use of the AGM & Other General Meetings	Details of the 2021 AGM and key matters discussed.	COMPLIED	Page 189
C.2	Communication with shareholders	Shareholder Relations	COMPLIED	Page 188
C.3	Disclosure of Major and Material Transactions	Material or Major Transactions	COMPLIED	Page 189
D.	Accountability and Audit			
D.1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	<ul style="list-style-type: none"> Accountability and Control Chief Executive Officer's and Chief Financial Officer's Responsibility Statement Statement of Directors' Responsibilities in Relation to the Annual Financial Statements Directors' Statement on Internal Control Independent Auditors' Report Related Party Transactions 1. Note 44 in the Financial Statements 2. Report of the RPTRC <p>In case of the net assets of the Company falling below 50% of the value of the Company's Shareholders Funds, the Board will summon an Extraordinary General Meeting (EGM) to notify the serious loss of capital of the Company to its shareholder under Sec.220 of the Companies Act and to explain the remedial action being taken.</p>	COMPLIED	Page 188 Page 226 Page 225 Page 227 Pages 235-236 Page 346-351 Page 218
D.2	Process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	<ul style="list-style-type: none"> Risk Management and Internal Control Directors' Statement on Internal Control 	COMPLIED	Pages 223-224 Page 227

Code Ref.	Requirement	Reference	Complied	Page Ref
D.3	Audit Committee	Board Audit Committee Report	COMPLIED	Pages 216-217
D.4	Related Party Transactions Review Committee	Board Related Party Transactions Review Committee report	COMPLIED	Page 218
D.5	Code of Conduct and Ethics	<ul style="list-style-type: none"> Chairman's Message Culture and values 	COMPLIED	Page 180 Page 212
D.6	Corporate Governance Disclosures	Corporate Governance Report	COMPLIED	Pages 180-196
E.	Institutional Investors			
E.1	Shareholder Voting	Shareholder Relations	COMPLIED	Page 188
E.2	Evaluation of Governance Disclosures	The Company's Corporate Governance Report is discussed in detail from pages 180-212, giving due attention to the interests of the Sole Shareholder.		
F.	Other Investors-			
F.1 & F.2	Investing and Shareholder Voting	Since the Company is a fully owned subsidiary of Ceylinco Insurance PLC, this provision does not apply to the Company.	N/A	
G.	Internet of Things & Cybersecurity			
G.1	Identify connectivity and related cyber risks	Information Technology and Security	COMPLIED	Pages 189-190
G.2	Appoint a CISO and allocate budget to implement a cybersecurity policy	Information Technology and Security	COMPLIED	Pages 189-190
G.3	Include cyber security on Board agenda	Information Technology and Security	COMPLIED	Pages 189-190
G.4	Obtain periodic assurance to review effectiveness of cybersecurity risk management	Information Technology and Security	COMPLIED	Pages 189-190
G.5	Disclosures in Annual Report	<ul style="list-style-type: none"> Information Technology and Security Risk Management 	COMPLIED	Pages 189-190 Pages 197-205
H.	Environment, Society & Governance			
H.1	ESG Reporting	<ul style="list-style-type: none"> Integrating ESG Strategy and Value Creation Risks Management Operational Review Capital Reports Corporate Governance 	COMPLIED	Pages 32-37 Pages 50-59, 61-67 Pages 197-205 Pages 68-161 Pages 68-161 Pages 180-212

CORPORATE GOVERNANCE

Direction 17 - Corporate Governance Framework for Insurers issued by IRCSL under Sec.96 (A) of the Insurance Act No. 43 of 2000

The status of compliance with the Direction No.17 issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) on 17th December 2018 (as amended) is given below.

Sec	Requirement	Level of Compliance	Reference	Page no.
A	Code	COMPLIED	Corporate Governance Report	
	1. At least 2 members of the Board should be citizens and residents in Sri Lanka	COMPLIED	Board of Directors	
	2. (a) The total period of service of a Non-Executive Director should not be more than 9 years as at 01 July 2019	COMPLIED	Corporate Governance Report	
	3. A Director who is over 70 years of age shall cease to be a Director	COMPLIED		
	Exemption applicable to CLIL;	COMPLIED		
	If any Director is over 70 years of age on or after 01.07.2019 can be retained until he attains 75 years subject to obtaining an extension for the continuation of such Director from the IRCSL. The required extension will be sought soon after the forthcoming AGM for Mr D H J Gunawardena and Dr B G S De Silva upon them being re-appointed by the shareholders.	COMPLIED	Corporate Governance Report	
	The required certifications will be forwarded to the IRCSL by the Company Secretary confirming that the continuation of the said Directors were in line with the Sec.211 of the Companies Act and no provision in the Articles of Association or Companies Act was violated.			
	4. To adhere to the CSE Corporate Governance rules - A statement confirming that the Company is in compliance with the Corporate Governance Rules	COMPLIED	Corporate Governance Report	
	5. A Director of an Insurer cannot hold more than 20 Directorships in other Companies / entities/ institution including subsidiaries of the Insurer.	COMPLIED	Corporate Governance Report & Board profiles	
B	Demonstration of the level of compliance with the direction in the Annual Report	COMPLIED	Corporate Governance Report	
	6. The level of compliance with the direction is given in the table & the Annual Report will be available in the official website of CLIL within 5 months after the Balance Sheet Date.	COMPLIED		

Compliance with section 7.10 - Continuing Listing Rules issued by the Colombo Stock Exchange

Sec.	Requirement	Level of compliance	Complied/ Not complied
7.10.1	Non-Executive Directors		
(a)	Two or one third of the Directors, whichever is higher, should be Non-Executive	Out of the total 15 Directors on the Board, 10 Directors are Non-Executive	COMPLIED
(b)	The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.	As at the conclusion of the last AGM, the total number of Directors of the Company was 15.	COMPLIED
(c)	Any compliance with regard to these provisions will be ratified within 90 days period	The Company complied with provisions (a) and (b)	COMPLIED
7.10.2	Independent Directors		
(a)	Two or one-third of Non-Executive Directors, whichever is higher, should be independent.	Out of the total 10 Non-Executive Directors, the Board has determined 8 Directors are Independent based on their individual declarations provided during the year.	COMPLIED
(b)	A declaration of independence/non-independence should be submitted by each Non-Executive Director in the prescribed format.	All Non-Executive Directors have submitted their respective declarations for the year under review.	COMPLIED
7.10.3	Disclosures Relating to Directors		
(a)	The Board shall make determination of Independence/ Non- Independence annually and the names of Independent Directors should be disclosed in the Annual Report.	Refer to the Independence & Board profiles on pages 168-171	COMPLIED
(b)	In the event a Director does not qualify as independent as per the rules on Corporate Governance but if the Board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report.	N/A	
(c)	A brief resume of each Director should be published in the Annual Report including the areas of expertise	Refer to the Board profiles on pages 168-171	COMPLIED
7.10.4	Criteria For the Defining of Independence		
(a) to (h)	Requirements for meeting criteria to be independent.	All independent Directors of the Company complied with the defined criteria of independence during the year.	COMPLIED
7.10.5	Remuneration Committee		
(a)	The Company shall have a Remuneration Committee. The remuneration committee shall comprise a minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be independent, whichever shall be higher	The Remuneration Committee of the Company consists of three Independent Non-Executive Directors as of 31.12.2022.	COMPLIED
(b)	Functions of the Remuneration Committee shall be to recommend the remuneration of the Chief Executive Officer and the Executive Directors.	The activities carried out during the year are discussed in the Remuneration Committee Report	COMPLIED

CORPORATE GOVERNANCE

Sec.	Requirement	Level of compliance	Complied/ Not complied
(c)	The Annual Report shall set out;		COMPLIED
	I. The names of the Directors that comprise the remuneration Committee;	Refer Remuneration Committee report on page 213	
	II. A statement of remuneration policy;		
	III. Aggregate remuneration paid to Executive and Non-Executive Directors.	Refer Note 44 IV d in the financial statements in page 348	COMPLIED
7.10.6	Audit Committee		
(a)	The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors whichever is higher.	Out of three members of the Committee two members are Independent Non-Exe. Directors	COMPLIED
	One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board.	The Committee is chaired by an Independent Non-Exe. Director	COMPLIED
	The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings.	Both the CFO and Deputy CFO attend meetings by invitation	COMPLIED
	The Chairman or one member of the Committee should be a member of a recognised professional accounting body.	The Chairman of the Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, Chartered Institute of Management Accountants, UK, Certified Management Accountants, Sri Lanka, A Certified Global Management Accountant and a Fellow of the Institute of Certified Professional Managers. Another Director is a member of the Chartered Institute of Management Accountants, UK, and a Certified Global Management Accountant. Please refer Board profiles given on pages 168-171	COMPLIED
(b)	The functions of the Audit Committee shall be as set out in section 7.10 of the Listing Rules.	Please refer Audit Committee Report on pages 216-217	COMPLIED
(c)	Disclosure in the Annual Report	Please refer Audit Committee Report on pages 216-217	COMPLIED

ENTERPRISE RISK MANAGEMENT

CEYLINCO LIFE RECOGNISES RISK MANAGEMENT AS AN INTEGRAL BUILDING BLOCK USED TO PRO-ACTIVELY IDENTIFY AND MANAGE RISKS TO CREATE VALUE FOR ITS STAKEHOLDERS. THE COMPANY CONSIDERS IT A CORE COMPETENCY WHICH IS A CRITICAL ELEMENT OF THE STRATEGIC PLANNING PROCESS. THE ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK OPERATES AS A FEED SYSTEM TO INTERNAL AND EXTERNAL STAKEHOLDERS, MANAGEMENT AND THE BOARD OF DIRECTORS.

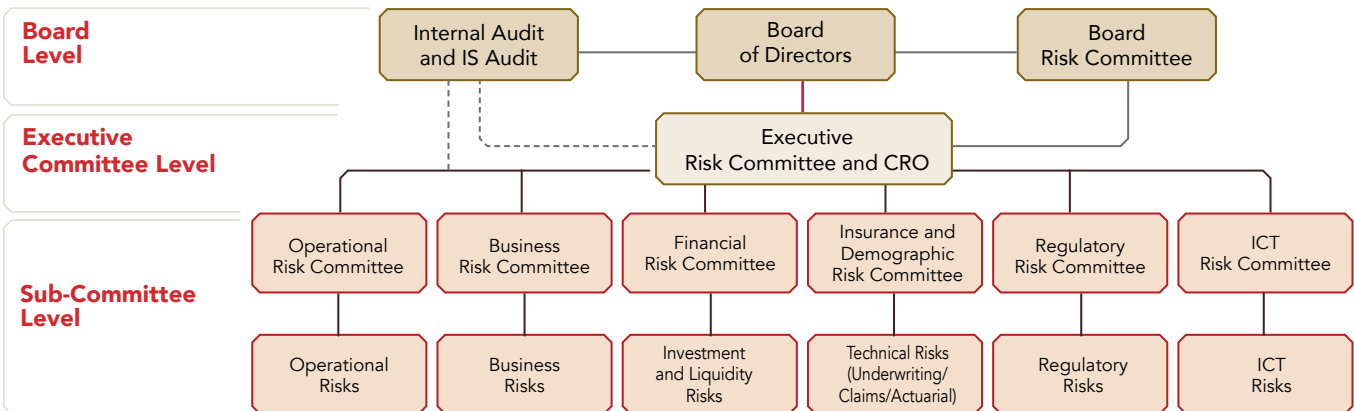
GOVERNANCE OF RISK MANAGEMENT

At Ceylinco Life, the Board of Directors retains overall accountability for the governance of risk and is committed to effective risk management in pursuit of our strategic objectives. It is the responsibility of the Board, in conjunction with the Board Risk Committee, to review the Company's portfolio of risks and assess them against the risk appetite (refer to pages

223 to 224 for the Report of the Board Risk Committee.) Risk management is inextricably linked to our strategy and control is exercised by way of a governance framework.

The Executive Risk Committee, headed by the Chief Risk Officer, is responsible for developing, facilitating and monitoring the control framework and execution of proper risk management strategies.

The line management and staff are responsible for day-to-day risk management and are represented at the Sub-Committee level. The six Sub-Committees, namely the Operations Risk Committee, Financial Risk Committee, Insurance and Demographic Risk Committee, ICT Risk Committee, Business Risk Committee and Regulatory Risk Committee, ensure timely identification of risks, initiation of controls and reports to the Chief Risk Officer and higher-level management.



CEYLINCO LIFE APPROACH TO RISK MANAGEMENT

Our Enterprise Risk Management (ERM) is based on ISO 31000:2018 framework which enables us to proactively identify events and circumstances relevant to our corporate objectives (risks and opportunities) and assess them in terms of consequence and likelihood. We then determine an appropriate risk response strategy, implement it and monitor progress so that it will contribute to our value creation process. The ultimate result of this approach is an integrated, organizational-wide effort towards risk management.

<p>An Independent Risk Unit</p> <p>This ensures separation between the units that originate risk and those that control or supervise the risk.</p>	<p>Linking Risk Appetite to Strategy</p> <p>Our Board-approved risk appetite statement serves as the point of reference in strategy setting for ensuring that strategies remain within defined appetite levels.</p>	<p>Inculcating a Risk Culture</p> <p>We embrace a set of attitudes, values and beliefs towards risk and this is engrained into all processes through a top-down approach across the hierarchy.</p>	<p>A Comprehensive Approach to Risk</p> <p>Our Sub-Committee structure facilitates management of a diverse range of risks. We also understand inter-relationships between such risks and take an overall view.</p>
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ENTERPRISE RISK MANAGEMENT

THREE LINES OF DEFENCE MODEL

The Risk Management Governance Structure of Ceylinco Life incorporates the 'Three Lines of Defence Model', which identifies, defines and segregates duties and responsibilities in relation to risk management at Ceylinco Life.

This model brings all the key functions into the Risk Management Governance Structure and provides simple but comprehensive clarity on roles and responsibilities in managing risks.

FIRST LINE OF DEFENSE

Sub-Committees including departments and island wide branches

1

- Compliance with operational policies and procedures
- Proactive risk identification, assessment, control and monitoring
- Collaborative communication to promote a strong risk culture and risk awareness

SECOND LINE OF DEFENSE

Executive Risk Committee

2

- Implementation of the Risk Management Governance Structure
- Review and reporting of risks of the departments, branches, products, processes, systems to the Board Risk Committee, as required
- Identification and assessment of risks and monitoring risks against the Board approved risk appetite
- Recommending appropriate action to mitigate risks, if any, that have exceeded beyond tolerance levels

THIRD LINE OF DEFENSE

Internal Audit and IS Audit

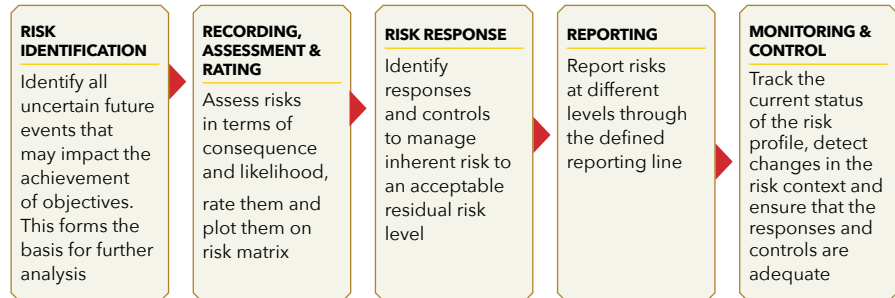
3

- Monitoring compliance with the Risk Management Governance Structure
- Assessment of the effectiveness of risk management tools and techniques adopted
- Obtaining reasonable assurance from the Executive Risk Committee that all known and emerging risks have been identified and appropriately managed

STEWARDSHIP AND CORPORATE GOVERNANCE

RISK MANAGEMENT PROCESS

The risk management process of Ceylinco Life is continuous and sequential, as depicted in the diagram. We strongly believe that an on-going commitment to risk management is necessary in the modern business context and recognize the importance of improving the risk management process, while ensuring the smooth flow of the activities within the process.



RISK APPETITE

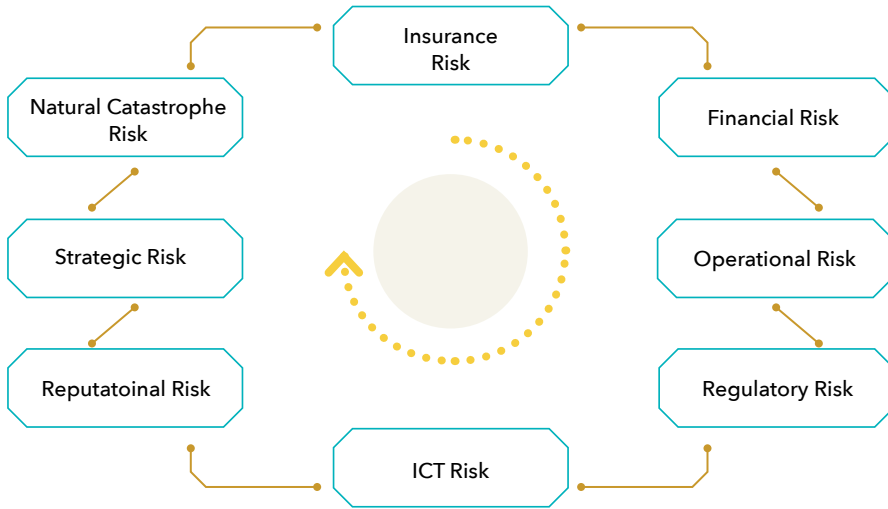
Risk Appetite refers to the aggregate amount and type of risk Ceylinco Life is willing to accept in the pursuit of its objectives, before action is deemed necessary to reduce it. We have defined a "Risk Appetite Statement" which serves as a guidance in our risk management process and it is reviewed annually and approved by the Board of Directors. We have established appetite levels in the six broad categories of risks identified in our ERM framework.

RISK REGISTER

The Company uses an electronic system-based risk register. Risk are identified, discussed and updated in the register at Sub-committee meetings. The risk register also serves as the basis for generating risk heat maps and for risk escalations to the higher management.

RISK UNIVERSE

We determine our key risks through a review process that analyses the risks facing Ceylinco Life, in relation to our strategy and long-term aspirations, in the context of the external and internal environment. Key risks include those risks that have a direct potential impact on the achievement of long-term strategic priorities, reputation and delivery of key business plans. Such risks also have a material impact on our ability to create value.



EXTERNAL RISKS
 Political changes, geopolitical risks, macro-economic risks, technology risks and environmental implications such as climate change



The subsequent sections of this Risk Management Report provide an overview of the Company's approach to managing the key internal and external risks listed above.

RISK PROFILE IN 2022

1. INSURANCE RISK

1.1. Underwriting Risk

DEFINITION

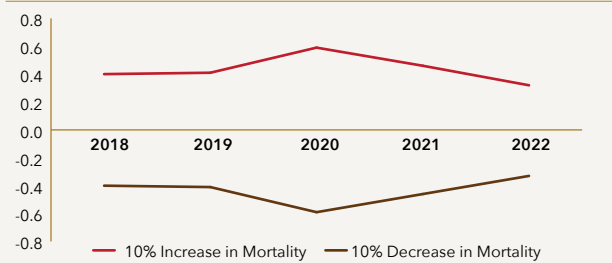
The risk of not selecting lives for insurance business at an adequate premium as set by the actuaries according to the mortality and morbidity assumptions

RISK MITIGATION

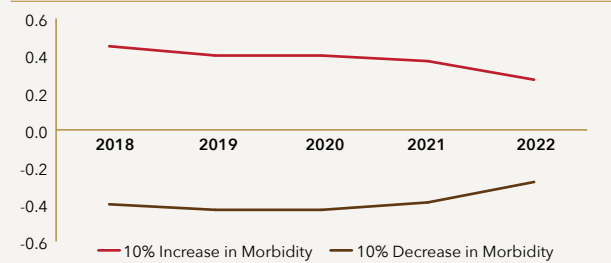
- Verify the prospective policyholders' details through tele-underwriting team at Head Office
- Centralized underwriting at Head Office with the assistance of medical specialists for medically substandard cases
- Special review of insurance policies with significant life covers by underwriters and/or reinsurers.
- Review of underwriting guidelines periodically
- Provide continuous local/foreign training to underwriting staff

KEY RISK INDICATORS

SENSITIVITY OF INSURANCE CONTRACT LIABILITIES TO CHANGES IN MORBIDITY %



SENSITIVITY OF INSURANCE CONTRACT LIABILITIES TO CHANGES IN MORBIDITY %



ENTERPRISE RISK MANAGEMENT

1.2. Claims risk

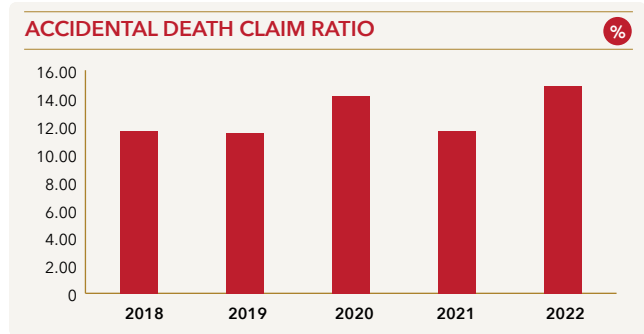
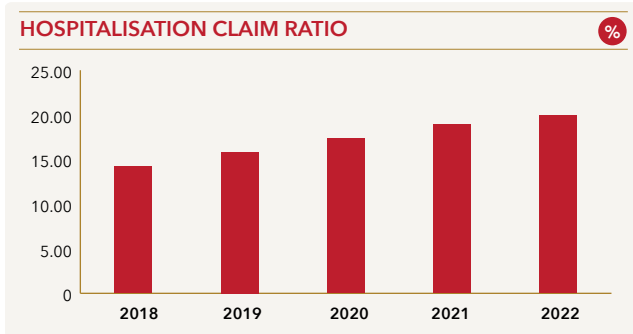
DEFINITION

Deficiencies in settlement of claims as per the policy terms and conditions and the benchmarks set by the Company

RISK MITIGATION

- Claims are recorded once intimated and monitored regularly by the senior management
- Check the authenticity of documents - Submission of original documents is mandatory with bank account details
- Automated claim computation
- Claim approval is centralized and medical and legal consultation is obtained prior to claim approval
- Claim audits and identification of claim patterns through statistics

KEY RISK INDICATOR(S)



1.3. Reinsurance risk

DEFINITION

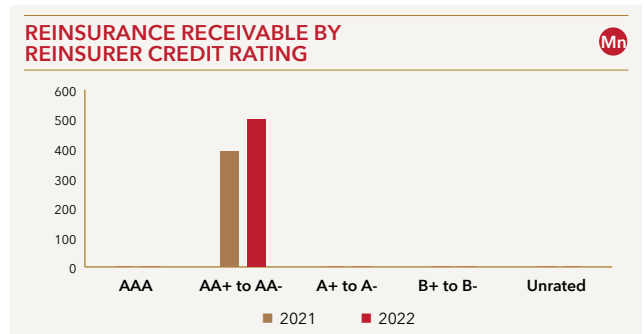
Retention of risks beyond our net retention capacity without obtaining adequate reinsurance and the inability of reinsurers to meet their commitments

RISK MITIGATION

- Risk transfer with top ranked 03 reinsurers; Swiss RE, Munich RE and RGA for life, health and group businesses
- Comply with the guidelines set out by the IRCSL in selecting reinsurers
- Monitoring the credit ratings of re-insurers periodically
- Having a catastrophic re-insurance treaty in place

KEY RISK INDICATORS

Reinsurer	Rating Agency	Credit Rating
Swiss RE	Standard & Poor's	AA-
Munich RE	Standard & Poor's	AA-
RGA	Standard & Poor's	AA-



2. REGULATORY RISK

2.1. Compliance risk

DEFINITION

The risk of legal or regulatory sanction, financial loss or damage to reputation as a result of failure to comply with applicable laws, regulations, codes of conduct and standards of good practice.

RISK MITIGATION

- Set the tone at the top through appropriate policies and procedures to improve the control environment
- Compliance Officer supervises the departments on compliance matters and is responsible to the Board on overall compliance of the company
- Identify changes in the regulatory landscape through the Regulatory Risk Committee and ensure preparedness to respond to these changes
- Internal audits on status of compliance with applicable laws and regulations
- Regular consultation with in-house legal officers
- Provide training to relevant staff on compliance requirements and any regulatory changes

KEY RISK INDICATOR(S)

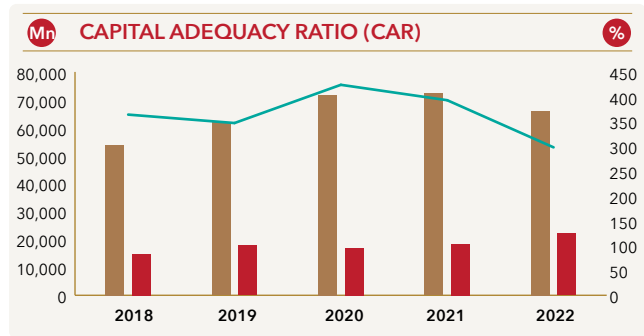
No. of reported incidents of non-compliance - Nil

Number of fines charged for non-compliance (Rs.) - Nil

Capital Adequacy Ratio (CAR)

The CAR under the Risk Based Capital (RBC) framework imposed by the Insurance Regulatory Commission of Sri Lanka measures the adequacy of the capital of an insurance company in absorbing losses due to risk exposures.

The CAR is computed by dividing the Total Available Capital by the Risk Based Capital Required. According to the RBC regulations, the minimum CAR required is 120% and the minimum Total Available Capital required is Rs. 500 Mn. Ceylinco Life has always maintained CAR at very healthy levels.



3. FINANCIAL RISK

3.1. Investment concentration risk

DEFINITION

This risk arises due to excessive concentration of the investment portfolio. Unless the investment portfolio is sufficiently diversified, excessive concentration in one or more asset classes, entities (issuers), currencies or markets would create investment concentration risk.

Although certain asset classes would provide diversification benefits (to some extent), considering their inherent risks and volatile nature, the Company has prudently decided to limit its investments in assets such as equity, asset backed securities and derivatives.

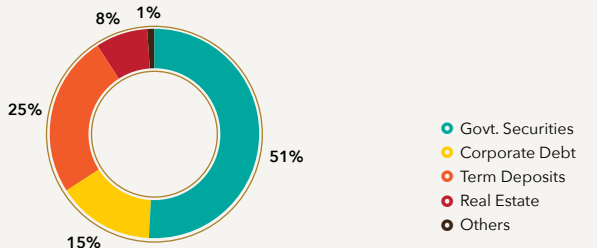
RISK MITIGATION

- Compliance with the Investment Policy Statement of the company, which formally specifies investment concentration limits
- Monitoring through more stringent internal limits in addition to the limits stipulated by the IRCSL
- Review and update of internal and regulatory limits in line with business and regulatory changes
- Selected investments are made in Real Estate which provides diversification and long-term capital appreciation benefits
- Review of actual concentration against the limits by the Board Investment Committee on a periodic basis
- Review of financial markets, asset classes, issuers and counterparties periodically

ENTERPRISE RISK MANAGEMENT

KEY RISK INDICATOR(S)

CONCENTRATION OF INVESTMENT PORTFOLIO BY ASSET TYPE



3.2. Interest rate risk

DEFINITION

The risk that the market value or future cash flows of a financial instrument will fluctuate due to changes in interest rates. This includes reinvestment risk and inflation risk, which eventually impacts the interest rate. Interest rate changes will affect reported earnings and the underlying value of the current asset and liability position.

RISK MITIGATION

- Monitor and evaluate the impact of interest rate risk charge to the Capital Adequacy Ratio (CAR)
- Monitor maturities and interim cash flows falling due and make suitable arrangements for reinvestments or recalling
- Monitor the exposure and the impact of the proprietary trading portfolio to short term interest rate movements and trends
- Oversee the overall strategy to manage the interest rate risk and to revisit, change or fine-tune the strategy as required
- Continuous monitoring of the asset and liability position, including the duration, convexity and sensitivity of the same to market interest rate changes
- Aligning the portfolio duration to optimize the fit with the liability structure and the interest rate outlook
- Periodic monitoring of the Central Bank’s monetary policy, Government fiscal policy and key economic variables and global and macroeconomic developments

KEY RISK INDICATOR(S)

Disclosures on this risk can be found in Note 41(e) to the Financial Statements on page 338.

3.3. Liquidity risk

DEFINITION

Liquidity risk is the risk that Ceylinco Life will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs, without affecting either daily operations or the financial condition.

RISK MITIGATION

- Ensure interim cash flows and maturity proceeds are notified and collected on time
- Ensure investments are assessed and made only in sufficiently liquid assets, unless where such increased level of liquidity risk is properly compensated through its expected return.
- Monitor and review the current and future cash flows to assess the exposure to liquidity risk.
- Monitor the current and expected money market liquidity position to ensure that sufficient liquidity or credit lines are available to meet expected funding/lending requirements.
- Verify all transactions entered/agreed against confirmations to ensure that all settlements are accounted and funded and to avoid any unexpected cash flows.

KEY RISK INDICATOR(S)

Disclosures on this risk can be found in Note 41(j) to the Financial Statements on page 341.

3.4. Credit risk

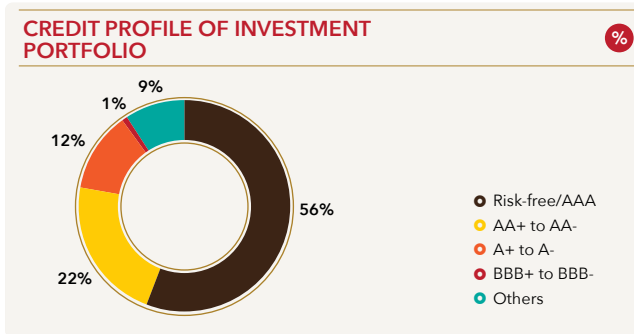
DEFINITION

Credit risk is the risk that a borrower or counterparty will fail to meet its obligations towards Ceylinco Life

RISK MITIGATION

- Ensure that all maturity and interim cash flows proceeds are collected duly, on time and without any delay
- Ensure that outright, repurchase and reverse repurchase transactions are entered only with Board Investment Committee approved counterparties
- Ensure that proper Board Investment Committee approval is for all significant investment transactions
- Monitor the current exposure to credit risk and compliance with relevant IRCSL limits, determinations and guidelines
- Review the list of financial markets, asset classes, issuers and counterparties periodically
- Maintain a high credit quality within the investment portfolio through internal exposure limits that take in to account the credit quality of issuers/counterparties.

KEY RISK INDICATOR(S)



4. OPERATIONAL RISK

4.1. ICT risk

DEFINITION

Any risk of financial loss, disruption or damage to the reputation of the company from failure of its information technology systems

RISK MITIGATION

- Adherence to the Board-approved Information Security Policy, which is regularly reviewed for changes in local and global IT and communication technologies
- Continuous scanning of IT control environment and strengthen security activities and measures as required
- Internal and database firewalls implemented to protect internal infrastructure and databases.
- Automatic containment of infected hosts by Crowd Strike Antivirus
- Access controls on external devices
- Regular health checks on the servers
- Regular training is provided to all staff on cyber security
- Penetration testing and vulnerability assessment by an external consultant
- Independent audits on adequacy of the IT security measures by IS Audit and external parties
- Security measures specific to addressing risks associated with WFH arrangements

KEY RISK INDICATOR(S)

Actual incidents of ICT security policy violations

ENTERPRISE RISK MANAGEMENT

5. REPUTATIONAL RISK

DEFINITION

A risk that arises due to negative publicity regarding Company's business practices which will lead to a loss of confidence amongst stakeholders and affect the business operations.

RISK MITIGATION

- Compliance with laws and regulations
- Communication and training on business ethics and values
- Training on acceptable usage behavior on ICT assets including social media

KEY RISK INDICATOR(S)

Actual incidents of negative publicity

6. STRATEGIC RISK

DEFINITION

This is the risk that the Company may not achieve its strategy or strategic objectives due to failed, inadequate or incomplete setting, execution, evaluation and monitoring of strategies and business planning

RISK MITIGATION

- Continuous scanning of the external environment to identify viable opportunities
- Review of strategies at the monthly Strategic Planning Meetings

KEY RISK INDICATOR(S)

- Loss of competitiveness in the market
- Loss of market share

7. NATURAL CATASTROPHE RISK

DEFINITION

This risk reflects the adverse impacts on business operations due to natural calamities such as floods, earthquakes, pandemics etc.

RISK MITIGATION

- A Business Continuity Plan (BCP) has been formulated and reviewed periodically to address identified business contingencies
- Periodic training of recovery teams
- Periodic testing of the BCP through drills

KEY RISK INDICATOR(S)

- Drill performance versus targets
- Actual system recovery times

RISK MANAGEMENT HIGHLIGHTS 2022

1. Improved participation of risk owners in risk committee discussions

We maintained more than 90% participation in the risk committee meetings under the ERM Framework. Active participation helps the Company to identify and manage risks more effectively.

2. Vulnerability assessment and penetration testing of the core insurance application operating system

Our core insurance application operating system, AS 400, was tested for vulnerabilities by engaging with an Australian third-party expert, HelpSystems, which conducted penetration testing and vulnerability assessment on our core insurance application operating system. The results were compared with IBM I security best practices derived from standards and guidelines including ISO27000, National Institute of Standards and Technology (NIST) Cybersecurity Framework, and Payment Card Industry Data Security Standard (PCI DSS). The risks

associated with these observations were thoroughly examined, with recommendations and mitigation activities followed through.

3. Implementation of an anti-money laundering (AML) application

We implemented a dedicated AML application in 2022 with the support of an external application developer. The new system has improved our controls in relation to customer screening, transaction monitoring and regulatory reporting.

4. Implementation of a compliance monitoring application

We implemented a dedicated application which has mapped all key applicable regulatory requirements. The application is used across the organisation to monitor and comply with regulatory requirements as and when they become due.

5. Entering into escrow agreements with outsider software developers

We continued to enter into escrow agreements with vendors of critical applications. In such arrangements, the codes of the application are entrusted to the independent escrow agent. This ensures that

the Company will have less issues in future system modifications in the event of non-availability of the vendors who originally developed the applications.

6. Introduced two factor authentication for external vendor connections

We introduced two factor authentication in relation to the connections of vendors to our systems and servers. All these connections are monitored through Privileged Access Management (PAM). These initiatives improve security for external vendor connectivity.

7. IT disaster recovery operation moved to OrionStellar data center

The Disaster Recover Data Center was co-located to a High Density & Carrier Neutral Data Center. This has optimised power usage at a lesser cost. The data center is built to the global standards using world class infrastructure technologies meeting the robust functionality of TIA 942 Rated 03 data center standards.



FUTURE OUTLOOK

The recent developments in the external business environment have prompted the Company to relook at business continuity planning and reinforce disaster preparedness and business resilience. A special emphasis will be placed on IT disaster recovery and adopting more effective business continuity practices. Cyber security will remain a key focus and, given the increase in the number and sophistication of cyber-attacks against business entities, we will continue to invest in our IT security capabilities.

Increased attention will be placed on maintaining market leadership, prudently managing the risks which impact the value of our investments in the context of the ongoing financial crisis in the country, mitigating risks from changing business dynamics and compliance with changes in laws and regulations.

We will also be conducting user trainings and drills as part of our BCP ongoing review. A complete data protection management system together with a privacy policy will be deployed to ensure compliance with the new Personal Data Protection Act. A revision to the existing data classification process will be planned to be in line with this Act.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

1. INTRODUCTION

The Board of Directors of Ceylinco Life Insurance Limited (CLIL) takes pleasure in presenting the Annual Report and the Audited Financial Statements of the Company for the financial year ended 31st December 2022.

This report covers the statutory requirements and directions of the Companies Act, No. 07 of 2007, the Insurance Industry Act No. 43 of 2000

and its amendments thereon, Direction No.17 on Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) and the Voluntary adherence to the recommended best practices on Corporate Governance as per the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka. This report was approved by the Board of Directors on 23rd February

2023. The appropriate number of copies of the Annual report will be submitted to the IRCSL and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

The following table depicts the information disclosed in this report as required by Section 168 of the Companies Act No. 07 of 2007;

Reference to the sections of the Companies Act No. 07 of 2007	Information required to be disclosed as per the Companies Act	Reference to the pages in the Annual Report
Section 168 (1) (a)	The nature of the business of the Company together with any changes thereof during the accounting period.	206
Section 168 (1) (b)	Signed Financial Statements of the Company for the accounting period completed in accordance with Section 152.	238
Section 168 (1) (c)	Independent Auditors' Report on the Financial Statements of the Company.	235 - 236
Section 168 (1) (d)	Accounting Policies of the Company and any changes therein.	243 - 353
Section 168 (1) (e)	Particulars of the entries made in the Interests Registers of the Company during the accounting period	211
Section 168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	349
Section 168 (1) (g)	The total amount of donations made by the Company and its subsidiaries during the accounting period.	208
Section 168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during the accounting period.	166 - 171
Section 168 (1) (i)	Separate disclosure on amounts payable to the Auditors as audit fees and fees for other services rendered during the accounting period by the Company.	323
Section 168 (1) (j)	Auditors' relationship or any interest with the Company.	209
Section 168 (1) (k)	Acknowledgement of the contents of this report/Signatures on behalf of the Board of Directors.	212

2. REVIEW OF THE BUSINESS

2.1 FORMATION

CLIL is a Public Company with limited liability, incorporated on 22nd April 2014, bearing Registration No. PB 5183, licensed as an insurance Company by the Insurance Regulatory Commission of Sri Lanka (IRCSL) to carry on long-term life insurance business, under the Regulation of Insurance Industry Act No. 43 of 2000 (as amended). The Company was incorporated as a legal requirement that arose out of Section 53 of an amendment to the said Act, which required segregating the long term and general insurance business from the composite insurance Companies. The

Company is domiciled in Sri Lanka and the registered office and the Head Office is situated at No. 106, Havelock Road, Colombo 05.

2.2 CORPORATE VISION, MISSION AND VALUES

The Company is strategically aligned to its Vision and Mission which are set out on page 10 of the Annual Report. The Board of Directors and the employees collectively conduct their activities adhering to the highest level of ethics reflecting their unwavering commitment to maintain high standards of business conduct and transparency.

2.3 PRINCIPAL ACTIVITY

The Company's principal activity is underwriting all classes of Life Insurance, which has remained unchanged since it received the license to carry out its business as a long-term insurance provider by the IRCSL on 01st June 2015.

The Directors declared that the Company did not engage in any activity, which contravenes with laws and regulations of the country during the said period.

The ultimate Holding Company is Ceylinco Insurance PLC. Subsidiaries

of the Company as of 31st December 2022 were Serene Resorts Limited and Ceylinco Healthcare Services Limited. Apart from Citizens Development Business Finance PLC, Kings Hospital Colombo (Pvt.) Ltd became an Associate Company of CLIL during the year with a ownership stake of 43.69% (Rs.1.84Bn)

• **Ceylinco Healthcare Services Limited -**

CLIL holds a 99.45% stake, and the registered number of the Company is PB 135.

Ceylinco Healthcare Services Limited was established in 2000 and it is one of the most specialized cancer care hospitals in Sri Lanka, with the latest state-of-the-art equipment and services.

• **Serene Resorts Limited -**

CLIL holds a 98.88% stake, and the registered Number of the Company is PB 19.

Serene Resorts Limited seeks to provide assisted retirement living facilities for the elderly population of the country by establishing a retirement home.

2.4 REVIEW OF OPERATIONS OF THE COMPANY

The Chairman's Review given on pages 24 to 27, the Managing Director/ CEO's Review on pages 28 to 31 and the Strategy and Resource Allocation on pages 50 to 59 together with the Audited Financial Statements provide an overall review of the business performance and the state of affairs of the Company together with the important events which took place during the year under review as required by Section 168 of the Companies Act No.07 of 2007 and the recommended best accounting practices.

The Company has a established presence across the country covering all districts. As at the end of the year under review, there were 135 branches.

The sector-wise contribution to the Company's revenue, results, assets and liabilities is disclosed in Note 05 to the

Financial Statements on pages 247 to 252.

2.5 FUTURE DEVELOPMENTS

Likely future developments of the business are discussed in the Chairman's Review on page 27. The Company has taken into cognizance the wider developments in the business environment and demographic changes which has increased the need for insurance and retirement planning in the country. In this context the Company has set in place a strategic plan which aims to affirm its market leadership position to reach its strategic objectives.

3. FINANCIAL STATEMENTS OF THE COMPANY

3.1 DIRECTOR'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors assume the responsibility for the preparation and presentation of the Financial Statements, which reflect a true and fair view of the state of affairs of the Company. The Directors are of the view that the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Significant Accounting Policies and Notes thereto appearing on pages 237 to 353 have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), Regulation of Insurance Industry Act, No. 43 of 2000 and amendments thereto, Rules and Regulations of the Insurance Regulatory Commission of Sri Lanka. The said Accounting Policies adopted in the Financial Statements, are given on pages 243 to 353 as required by the Section 168 (1) (d) of the Companies Act No. 07 of 2007.

The Statement of Directors' Responsibility appearing on page 225 forms an integral part of this Report.

The Financial Statements of the Company, for the year ended 31st December 2022, duly certified by the Director/CFO, recommended by the Audit Committee, approved by the Board of Directors and signed by the Chairman and Managing Director/CEO, in compliance with the requirements of Sections 151, 152 and 168 (1) (b) of the

Companies Act No. 07 of 2007 are given on pages 237 to 353 of this Annual Report.

3.2 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The accounting policies adopted by the Company during the preparation of the Financial Statements are depicted on pages 243 to 353. The Board of Directors wishes to confirm that there were no material changes in the accounting policies adopted by the Company, during the year under review vis-a-vis the previous year.

3.3 GOING CONCERN

The Board of Directors is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements. The Directors are not aware of any material uncertainties that may create a significant impact on the Company's ability to continue as a going concern. The Company has committed itself to honour the medical and life insurance claims of its policyholders considering the best interest of all policyholders.

3.4 EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

The payment of the first and final dividend of Rs. 18.25 per share for the year ended 31st December 2022 will be approved by the shareholders at the forthcoming Annual General Meeting to be held on 28th March 2023. More information with regard to the dividend is given on Note 38 to the Financial Statements on page 326.

No material events have taken place after the reporting date, which require an adjustment to or a disclosure in the Financial Statements, except for the aforesaid proposed transaction. The relevant disclosure is given under Note 45 to the Financial Statements on page 351.

3.5 CONTINGENCIES

There were no contingent liabilities of the Company except for the disclosure

ANNUAL REPORT OF THE BOARD OF DIRECTORS

made under Note 42 of the Financial Statements as of the reporting date.

4. FINANCIAL RESULTS AND APPROPRIATIONS

4.1 GROSS WRITTEN PREMIUM

The Gross Written Income of the Company for year 2022 was Rs.29.16Bn (Rs.25.56Bn in 2021). The sources of external operating income, net operating profit and asset allocation of the Company together with their proportions are given in Note 26 to the Financial Statements on page 317.

4.2 PROFITS AND APPROPRIATIONS

The Profit before Tax of the Company amounted to Rs.9.91Bn in 2022 (Rs.8.54 Bn in 2021) marking an increase of 15.99% (Decrease of 2.52% in 2021). Further, the Net Profit after Tax of the Company amounted to Rs.7.63Bn in 2022 (Rs.6.77Bn in 2021), indicating an increase of 12.65% (decrease of 2.30% in 2021).

On this basis, the dividend payout ratio amounts to 11.96% in 2022, compared to 11.62% in the year 2021.

For the year ended 31st December,	2022	2021
	Rs.000'	Rs.000'
Profit Before Taxation (PBT)	9,911,580	8,545,374
Income Tax Expenses	2,279,803	1,770,883
Profit for the Year	7,631,775	6,774,492
Dividends Paid	912,501	787,501

4.3 DIVIDENDS ON ORDINARY SHARES

As per the recommendation of the Board of Directors, the Company will declare a first and final dividend of Rs. 18.25 per share (Rs.15.75 in 2021) amounting to a total sum of Rs. 912.5 Mn for the year ended 31st December 2022 on the issued and fully paid ordinary shares of the Company, subject to the approval of the shareholder at the forthcoming Annual General Meeting to be held on 28th March 2023 and subject

to the directions issued by the Insurance Regulatory Commission of Sri Lanka. Further, Rs. 5.1 Bn (net of dividend) was transferred during the year to retained earnings.

The Board was satisfied that the Company would meet the solvency test after the declaration of the aforesaid dividend and obtained a solvency certificate from the Company's Auditors to that effect. The Board authorized the distribution, in terms of Section 56 of the Companies Act No. 07 of 2007.

4.4 RESERVES

A summary of the Company's reserves is given below;

Total reserves of the Company stood at Rs. 49.4Bn as at 31st December 2022. This includes the Restricted Regulatory Reserve of Rs. 3.46Bn recognized in compliance with the IRCSL Direction 16 on Identification and Treatment of One-off Surplus. Information on the movement of reserves is given in the Statement of Changes in Equity on page 241 and the Note 21 to the Financial Statements on pages 306 to 309.

4.5 TAXATION

Tax expense has been computed at the rates given in Note 35 to the Financial Statements, appearing on pages 324 to 325 of this report.

4.6 PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment of the Company, as at the Reporting date amounted to Rs.11.84Bn. Total capital expenditure during the year for the acquisition of property, plant and equipment by the Company, amounted to Rs. 326Mn. More information on Property, Plant and equipment is given in Notes 7 to the Financial Statements on pages 255 to 265.

Specific information on the extent, location and the valuation of the land and buildings held by the Company are given in Notes 7 (i) to the Financial Statements on pages 261 to 265.

The details of capital expenditure approved and contracted for are given

in Note 7(c) to the financial Statements on pages 260.

4.7 MARKET VALUE OF LAND AND BUILDINGS

The Company carried out a re-valuation of all its freehold land and buildings as at 31st December 2022. The revaluation of the land and buildings of the Company was carried out by professionally qualified independent valuers and the Board of Directors of the Company is of the opinion that the revalued amounts are not in excess of the current market values of such properties.

Details of the market value (re-valued amounts) of freehold properties of the Company are given in Note 7 (i) to the Financial Statements on pages 261 to 265.

The next revaluation exercise on the freehold land and buildings of the Company will be carried out as at 31st December 2023.

4.8 INVESTMENTS

Total investments of the Company and other equity investments amounted to Rs. 165.91Bn as of December 2022.

4.9 PROVISIONS, LIABILITIES AND CAPITAL COMMITMENTS

The Directors have taken all reasonable steps to ensure that adequate provisions were made for all known liabilities and commitments.

4.10 DONATIONS

During the year, the Company has not made any contributions to charities or other donations.

The CSR initiatives of the Company are detailed under 'Social and Relationship Capital' on pages 96 to 113.

5. INVESTOR RELATIONS

5.1 STATED CAPITAL

The stated capital is the total of all amounts received by the Company, in respect of the issue of shares. The stated capital of the Company, as at 31st December 2022, amounted to Rs. 500,000,500.00 (Five Hundred Million and Five Hundred Rupees), which is

represented by issued and fully paid 50,000,050 ordinary shares.

The Company has not purchased its own shares during the year under review.

5.2 SUBSTANTIAL SHAREHOLDING

The Company is a fully owned subsidiary of Ceylinco Insurance PLC. The Company has issued 50,000,050 ordinary shares to the said Sole Shareholder of the Company. Information relating to dividends and net assets per share are stated under Note numbers 37 and 38 to the Financial Statements on pages 326 to 327.

5.3 INFORMATION ON RATIOS, NET ASSET VALUE OF SHARES

Ratios relating to dividends, net assets, Net assets value price per share are presented below.

	2022	2021	%
Dividend per share (Rs.)	18.25	15.75	
Dividend Payout (Rs.Mn)	912.5	787.5	
Net assets value per share (Rs.)	987.98	883.88	

5.4 ISSUE OF SHARES OR DEBENTURES

During the year the Company has not raised any funds either through a public issue, right issue, debenture issue or through a private placement.

6. APPOINTMENT AND REMUNERATION OF INDEPENDENT AUDITORS'

6.1 APPOINTMENT OF AUDITORS AND THE AUDIT REPORT

The Company's Independent External Auditors, Messrs. Ernst and Young, Chartered Accountants, who were re-appointed by a resolution passed at the 8th Annual General Meeting, have carried out an audit on the Financial Statements of the Company for the year ended 31st December 2022. The Auditors' Report issued thereon, is given on pages 235 to 236 as required by Section 168 (1) (c) of the Companies Act No. 07 of 2007.

A resolution will be proposed to the shareholder at the forthcoming Annual General Meeting for the approval pertaining to their re-appointment and to authorize the Directors to determine their remuneration.

6.2 AUDITORS' REMUNERATION

The fees paid to the Auditors are disclosed in Note 33 (b) in the Financial Statements.

6.3 AUDITORS' INDEPENDENCE

A confirmation of Independence has been provided by Messrs. Ernst & Young as required by the Section 163 (3) of the Companies Act No. 07 of 2007, in connection with the audit for the year ended 31st December 2022, confirming that Ernst & Young is not aware of any relationship or interest in the Company or any subsidiary audited by Ernst & Young, that in their judgment, may reasonably be thought to have an impairment on their independence within the meaning of the Code of Professional Conduct and Ethics issued by CA Sri Lanka, applicable as at the reporting date.

7. THE BOARD OF DIRECTORS

7.1 INFORMATION ON DIRECTORS OF THE COMPANY

The Board of Directors of the Company as at 31st December 2022 consisted of 15 Directors with a wide knowledge and experience on economic, financial, banking, IT, commercial, HR, marketing, engineering and healthcare as detailed in the Board of Directors' profiles on pages 166 to 171.

Names of the Directors of the Company during and as end of 31st December 2022, as required by Section 168 (1) (h) of the Companies Act No. 07 of 2007 are given below;

Name of the Director	Status
R Renganathan	Executive Chairman
E T L Ranasinghe	Executive Director/ Managing Director/ CEO
P D M Cooray	Executive Director/Head of HR and Training
P A Jayawardena	Executive Director/Chief Financial Officer
S R Abeynayake	Executive Director/Deputy Chief Financial Officer
D H J Gunawardena	Non-Executive Director
R S W Senanayake	Non-Executive Director
J A Setukavalar	Non-Executive Independent Director
Prof. W M M De Silva	Non-Executive Independent Director
Dr. B G S De Silva	Non-Executive Independent Director
W M P J K Wickramasinghe	Non-Executive Independent Director (Resigned w.e.f.27.05.2022)
H S B Caldera	Non-Executive Independent Director
Ms. A K Seneviratne	Non-Executive Independent Director
J Durairatnam	Non-Executive Independent Director
W W L R A Fernando	Non-Executive Independent Director
O G V J Senanayake	Non-Executive Independent Director (Appointed w.e.f. 15.06.2022)

ANNUAL REPORT OF THE BOARD OF DIRECTORS

7.2 DIRECTORS OF THE SUBSIDIARY COMPANIES

Ceylinco Healthcare Services Limited Serene Resorts Limited

Ceylinco Healthcare Services Limited		Serene Resorts Limited	
Mr. R Renganathan	- Chairman	Mr. R Renganathan	- Chairman
Mr. E T L Ranasinghe	- Director	Mr. E T L Ranasinghe	- Director
Mr. P A Jayawardena	- Director	Mr. P D M Cooray	- Director
Mr. E R S G S Hemachandra	- Director	Mr. P A Jayawardena	- Director
Prof. M M R W Jayasekara	- Director	Mr. S R Abeynayake	- Director
		Mrs. R M U K Ratnayake	- Director
		Mr. A H R Udayasiri	- Director

7.3 CHANGES TO THE BOARD OF DIRECTORS

Mr. W M P J K Wickramasinghe tendered his resignation from the Board of Directors w.e.f. 27th May 2022 and Mr. O G V J Senanayake was appointed as a Non-Executive Independent Director w.e.f. 15th June 2022, with the approval of the IRCSL.

Retirement and Re-election

- In accordance with Section 210 read with 211 of the Companies Act No. 07 of 2007, Mr. D H J Gunawardena and Dr. B G S De Silva will retire and be eligible to be re-elected as Directors at the forthcoming Annual General Meeting of the Company. Mr. D H J Gunawardena will be 74 years of age in December 2023 and Dr. B G S De Silva will be 72 years of age in December 2023. The shareholder's approval shall be sought by way of an ordinary resolution at the forthcoming Annual General Meeting of the Company, resolving that Section 210 of Companies Act No. 07 of 2007, shall not apply to Mr. D H J Gunawardena and Dr. B G S De Silva, subject to the provisions of "Revision to Direction No. 02 of 2022 - Corporate Governance Framework for Insurers" issued on 25th February 2022 issued by the IRCSL.
- In terms of Articles 18(B) of the Articles of Association, one third of the Non-Executive Directors are required to retire by rotation at each Annual General Meeting. Article 18 (B) provides that the Directors to retire by rotation at an AGM shall be those who (being subject to retirement by rotation) have been longest in office, since their last election or appointment.

The aforesaid appointments were considered by the Nomination Committee of the Company at their meeting held on 07th February 2023 and recommended to the Board of Directors to notify to the Shareholder. The Board recommended at their meeting held on 23rd February 2023, the re-election of the following Directors after considering the recommendations of the Nomination Committee.

- Mr. J A Setukavalar
 - Mr. A K Seneviratne
 - Prof. W M M De Silva
- In terms of Rule A.8.2 of the Code of Best Practice on Corporate Governance, all Directors including the Chairman of the Board should be subject to election by the shareholders at the first opportunity after their appointment. Accordingly, Mr. O G V J Senanayake who was appointed as an Independent Non-Executive Director on 15th June 2022, shall be elected by the shareholder as a Director of the Company at the forthcoming Annual General Meeting. The aforesaid appointment was considered by the Nomination Committee of the Company at their meeting held on 07th February 2023 and recommended to the Board of Directors to notify to the Shareholder.

More details are given on page 371 under the 'Notice of the AGM'.

7.4 DIRECTORS MEETINGS

The details of the Board and Board Sub-Committees meetings and the attendance of Directors at these meetings, are given on page 186 and in the respective Committee reports on pages 213 to 224.

7.5 BOARD SUB-COMMITTEES

The Board of Directors of the Company has formed four main Board Sub-Committees, namely the Nomination Committee, Remuneration Committee, Related Party Transactions Review Committee and the Audit Committee as suggested by the Code of Best Practices on Corporate Governance issued by CA Sri Lanka.

The Board has formed two more voluntary Board Sub-Committees to assist the Board of Directors. They are the Board Risk Committee and the Board Investment Committee. These Sub-Committees play a critical role in ensuring that the activities of the Company are conducted with the highest ethical standards and in the best interest of all its stakeholders. The terms of reference of these Sub-committees conform to the recommendations made by various regulatory bodies such as IRCSL, CBSL, The Institute of Chartered Accountants of Sri Lanka and the SEC.

The Composition of Board Sub-committees as at 31st December 2022 are tabulated in the respective Committee reports on pages 213 to 224.

7.6 REMUNERATIONS AND OTHER BENEFITS OF DIRECTORS

Directors' remuneration in respect of the Company for the financial year ended 31st December 2022 is given in Note 44 (iv) to the Financial Statements as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007.

7.7 ENTRIES IN THE INTEREST REGISTER

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007. All

Directors have made declarations as required by Section 192 (1) and (2) of the Companies Act No. 07 of 2007.

7.8 DISCLOSURE OF DIRECTOR'S DEALINGS IN SHARES

Neither shares nor debentures of the Company were held by the Directors of the Company during the year under review.

7.9 DIRECTORS INTEREST IN CONTRACTS OR PROPOSED CONTRACTS

The Directors of the Company have no direct or indirect interest in any contract or proposed contract with the Company, except for those specified, which have been disclosed and declared at meetings of Directors, as requested by Sec.192 of the Companies Act No.07 of 2007.

7.10 RELATED PARTY TRANSACTIONS WITH THE COMPANY

The Company carried out transactions in the ordinary course of business on an arm's length basis with entities where a Director of the Company is the Chairman or a Director of such entities, as detailed below;

NAME OF THE COMPANY	R RENGANATHAN	E T L RANASINGHE	P D M COORAY	P A JAYWARDENA	S R ABEYNAYAKE
1 CEYLINCO HEALTHCARE SERVICES LIMITED	✓	✓		✓	
2 CEYLINCO INSURANCE PLC	✓	✓	✓	✓	✓
3 SERENE RESORTS LIMITED	✓	✓	✓	✓	✓

In addition, Related Party Disclosures as per Sri Lanka Accounting Standards are detailed in Note 44 to the Financial Statement on pages 346 to 350 of this Annual Report and the report of the Related Party Transactions Review Committee is given on page 218.

7.11 DIRECTORS' AND OFFICERS' INSURANCE

The Company has, during the financial year paid an insurance premium in respect of insurance policy for the benefit of the Company and the Directors and further details on the same are given in Note 44 (iii) (d) to the Financial Statements on page 349.

7.12 REGISTER OF DIRECTORS AND SECRETARIES

As required under Section 223 (1) of the Companies Act No. 07 of 2007, the Company maintains a Register of Directors and Secretaries, which contains information of each Director and the Company Secretary.

8. MINIMUM CAPITAL REQUIREMENTS

As per the Gazette dated 7th May 2013 issued by the Insurance Regulatory Commission of Sri Lanka (IRC SL) by its the minimum capital requirement for all insurance companies was increased to Rs. 500,000,000/- with effect from 11th February 2015. The Company has an issued and paid-up capital of Rs.500,000,500/- and has abided by this statutory requirement.

9. TOTAL AVAILABLE CAPITAL (TAC)

Insurance Companies are required to maintain a Total Available Capital of Rs.500,000,000/- as per solvency margin (Risk Adjusted Capital) rules imposed with

effect from 01st January 2016. The Company maintains a TAC of Rs. 65,940 Mn as at 31st December 2022.

10. COMPLIANCE WITH REGULATIONS IMPOSED BY THE IRC SL & OTHER STATUTORY AUTHORITIES

The Company has complied with all statutory requirements imposed by the IRC SL and has submitted all returns and information on the stipulated due dates in conformity with the rules and regulations. In addition, the Company complies with the Financial Transaction Reporting Act No. 06 of 2006.

11. TRANSITION TO NEW REGULATIONS

The Company has laid in place the necessary platform for transition to SLFRS 17 which will be effective from 01st January 2025 by educating all stakeholders. KPMG and Wills Towers Watson have been engaged as independent consultancy teams to assist the Company for a smooth transition. The Company had already completed the operational and impact analysis to the financial statements and the latest developments are given in detail under 'Delivering Financial Value' on pages 68 to 87.

12. RISK MANAGEMENT AND INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal controls. The systems are designed to provide reasonable assurance that the assets of the Company are safeguarded and to ensure that proper accounting records are maintained. The Board of Directors, having reviewed the system of internal control, is satisfied with the systems and measures in effect at the date of signing this Annual Report.

The Board Risk Committee reviews the policy development for risk management of the Company. Steps taken by the Company in managing risks are given on pages 197 to 205 under the topic of 'Risk Management'.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

13. SUSTAINABILITY

The Company has embedded sustainability into its strategic planning process and focusses on business expansion and growth in a sustainable and responsible manner. More details are provided on pages 32 to 37.

14. HUMAN RESOURCES POLICY

The Company is committed to maintain a superior workplace which provides equal opportunities for individuals to grow and realize their potential irrespective of gender, race or religion. The Company's employee cadre as at 31st December 2022 was 752 (2021 - 795). The Company offers a comprehensive array of benefits including medical insurance under group cover for all confirmed employees. The Company has created an environment for growth and development by offering training and development opportunities. The Company's HR Policy and other details are given in 'Employee Capital' on pages 144 to 161.

15. COMPANY ETHICS AND VALUES

All employees and Directors of the Company are strongly anchored on the Company's values when conducting their day-to-day operations. Furthermore, the Company has a Code of Ethics in place which has been communicated to all employees and Directors.

16. WHISTLEBLOWING POLICY

The Company has a whistleblowing policy and all employees have been educated on this policy through relevant training programmes.

17. ENVIRONMENTAL PROTECTION

The Company has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability. The Company has since 2017 committed to preserving the environment through its 'Go Green' initiatives with all branches and operations complying with green practices in conserving natural resources. These initiatives are detailed in the 'Nurturing Our Environment' section set out on pages 133 to 143.

18. STATUTORY PAYMENTS

The Board of Directors confirm that to the best of their knowledge and belief, all taxes, duties and levies payable by the Company and in respect of the employees of the Company and all other known statutory dues, that as were due and payable by the Company, as at the reporting date have been paid or, where relevant provided for.

19. OUTSTANDING LITIGATION

As per the opinion of the Board of Directors and the Lawyers of the Company, there will not be a significant impact on the financial position of the Company from the pending litigation by and against the Company or its future operations.

20. CORPORATE GOVERNANCE

The Board of Directors is committed towards maintaining an effective Corporate Governance Framework and implementing systems and structures as required to ensure best practices in Corporate Governance and their effective implementation. The Company's compliance with relevant sections of the Code of Best Practice on Corporate Governance 2017 together with the compliance with provisions of the Corporate Governance framework issued by IRCSL is given on pages 191 to 196. Further, the table from pages 195 - 196 shows the manner in which the Company has complied with Section 7.10 of the Rules of the Colombo Stock Exchange on Corporate Governance.

21. TECHNOLOGY

The Company recognizes digitalization as a key enabler to business transformation. Over the last two years the Company has accelerated its digital initiatives to transition to a future ready organization. Digital transformation will be a key strategic pillar which will drive the Company towards process and customer service excellence. Key achievements for the year are detailed in the section 'Transforming through Technology' on pages 125 - 132.

22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a socially responsible corporate citizen, the Company carries out a range of CSR activities. The details of

Corporate Social Responsibility activities are given under 'Building Relationship for Life' section on pages 96 to 113.

23. OPERATIONAL EXCELLENCE

The Company has significantly transformed its processes to reach operational excellence. This has derived many benefits to policyholders by enhancing service levels greatly. Technology has been a key enabler in reaching operational excellence.

24. ANNUAL GENERAL MEETING

The Ninth Annual General Meeting of CLIL, will be held at the Board Room of Ceylinco Life Insurance Limited at No. 106, Havelock Road, Colombo 05 on 28th March 2023 at 10.00 a.m. The Notice of the AGM appears in page 371 of the Annual Report.

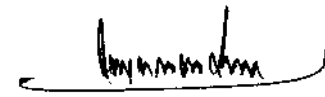
25. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledges the contents of the Annual Report.

Signed for and on behalf of the Board of Directors,



R Renganathan
Chairman



Palitha Jayawardena
Director/CFO



K I Weththasinghe
Company Secretary

23rd February 2023
Colombo, Sri Lanka

REPORT OF THE BOARD REMUNERATION COMMITTEE



¶ We remain fully committed towards investing in our Human Capital to develop their skills and capabilities which lead to improved performance at work. We also adopted a balanced approach to remuneration considering employee concerns and strategic goals. ¶

Prof. W M M De Silva
Chairman -Remuneration Committee

COMPOSITION AND MEETINGS

The Committee, as at 31st December 2022, comprised of the following members;

Name	Category	MA
Prof. W M M De Silva (C)	INED	2/2
Mr. H S B Caldera	INED	1/2
Dr. B G S De Silva	INED	2/2

(C) - Chairman

INED- Independent Non-Executive Director

MA - Meeting attendance

The Company Secretary functions as the Secretary to the Remuneration Committee. The Executive Chairman, Managing Director/Chief Executive Officer, Director/Chief Financial Officer (CFO) or Director/Deputy CFO attends meetings by invitation.

PURPOSE OF THE COMMITTEE

The Committee was established for the purpose of setting the principles, parameters and governance framework of the Company's remuneration policy and to recommend the terms and conditions of employment of the Chairman of the Board, Executive Directors, Senior Management and the Company Secretary.

TERMS OF REFERENCE

The Committee's terms of reference outline the composition, role and responsibilities of the Committee.

The Committee is committed towards upholding the principles of accountability and transparency

ensuring that remuneration structures are fair and aligned with the performance of the Company and long-term interest of the shareholders.

Key responsibilities

- Set the principles, parameters and governance framework of the Company's remuneration policy.
- Review the Human Resource policies and interventions, salary structures and incentive schemes
- Make recommendations to the Board regarding the Company's remuneration practices ensuring these are in line with the overall business strategy, objectives and long-term interests of the Company.
- Make recommendations to the Board regarding the remuneration of the Chairman, Managing Director, Chief Executive Officer, Executive Directors and Company Secretary.

Activities in 2022

- Discussions on the Key performance Indicator System and review of the performance of the Company.
- Review of the Remuneration Policy of the Company in line with the latest developments in the market.
- Discussion regarding the findings of Employee survey findings of "Great Place to Work" and continuation with the recommended developments from focus groups.

PROFESSIONAL ADVICE

The Committee is authorised to seek external professional advice on matters within its purview.

REMUNERATION PAID TO DIRECTORS

The remuneration paid to Directors during the year under review is disclosed in Note 44 (iv) (d) to the financial statements.

All Independent Non-Executive Directors receive a fee for serving on the Board and Sub-Committee. They do not receive any performance related incentive.

The Company does not have an Employee Share Ownership Plan for Directors and Key Management Personnel.

CONCLUSION

In 2023, the Company will continue to focus on introducing and strengthening HR policies, practices and systems in the area of performance management, employee recognition, strategic workforce planning & productivity, capability development, employee engagement and succession management. The annual evaluation of the performance of the Committee was carried out by the Board and the Committee was deemed to be operating effectively.

Prof. W M M De Silva
Chairman - Remuneration Committee

23rd February 2023

REPORT OF THE BOARD NOMINATION COMMITTEE



Our priority has been managing and retaining talent and succession planning for KMP roles. Accordingly, the Committee continued to monitor activities and initiatives to strengthen the Company's talent pipeline.

Dr. Gamini De Silva
Chairman -Remuneration Committee

COMPOSITION AND MEETINGS

The Committee, as at 31st December 2022, comprised of the following members;

Name	Category	MA
Mr. Gamini De Silva (C)	INED	3/3
Mr. W M P J K Wickramasinghe (Resigned w.e.f. 27.05.2022)	INED	0/1
Mr. R Renganathan	ED - Chairman	3/3
Prof. W M M De Silva (Appointed w.e.f. 27.05.2022)	INED	1/2

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

MA - Meeting Attendance

The Company Secretary acts as the secretary to the Nominations Committee. The MD/CEO & the Director/Chief Financial Officer attends meetings by invitation.

PURPOSE OF THE COMMITTEE

The main purpose of the Committee is to provide recommendations on the new appointments to the Board in order to maintain a balance of skills and experience on the Board and its Sub-Committees.

TERMS OF REFERENCE

The Committee is governed by the Terms of Reference which has been prepared in line with the Rules set out in

the Code of Best Practice on Corporate Governance. It provides an outline of the objectives, composition, role and responsibilities of the Committee.

Key responsibilities

- Recommending to the Board the appointment of new Directors and Key Management Personnel and implementing approved procedures to select such personnel.
- Recommending the re-election of existing Directors who are over the age of 70 years.
- Recommending the retirement by rotation of Directors as per the Company's Articles of Association.
- Reviewing factors such as independence, qualifications, expertise and skills and other key attributes required to be considered for appointment to key positions.
- Overseeing the process by which the Board and its Sub-Committee assess the effectiveness of their performance and report on findings, improvements and recommendations to the Board.

Activities in 2022

- Monitoring corporate governance or regulatory developments, that may impact the Committee and recommending actions or changes it considered necessary for Board approval.
- Perusing duly completed affidavits and declarations of all Directors and KMP's and recommending the same for approval of the Board.

- Recommendation of appointment of Mr. O G V J Senanayake and notification of resignation of Mr. Jayantha Wickramasinghe
- Acceptance of the resignation of former Senior Independent Director (SID) and appointment of Dr. Gamini De Silva as the new Senior Independent Director (SID) of the Company.
- Recommendation of the changes to the composition of several Sub-Committees, i.e. Audit, Risk, RPTR and Nomination, with the resignation of Mr. Jayantha Wickramasinghe
- Recommendation of the AGM related matters;
 - a. Based on the performance and contribution made to achieve the Company's objectives, the Committee recommended to re-elect Mr. D H J Gunawardena and Dr. B G S De Silva who have attained the age of 70 years in terms of Sec. 210 read with Sec. 211 of the Companies Act No.07 of 2007, subject to the provisions of the Direction 17 issued by the IRC SL (as amended).
 - b. Recommended the rotation of Mr. J A Setukavalar, Prof. W M M De Silva and Ms. A K Seneviratne in terms of Article 18(B) of the Company's Articles of Association.

- c. Recommended the election of Mr. O G V J Senanayake, as an Independent Non-Executive Director for the approval of the Board, in terms of Rule A.8.2. of the Code of Best Practice on Corporate Governance 2017.
- Collective outcome of the Board performance evaluation questionnaire was discussed and recommended certain actions for the areas which require future improvement.

The aforesaid initiatives have been discussed in detail in the Corporate Governance report on pages 180 to 196.

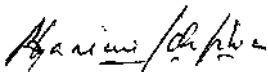
PROFESSIONAL ADVICE

The Committee is authorized to obtain external legal or other professional advice on any matters within its Terms of Reference with the prior approval of the Board.

CONCLUSION

The Committee continues to work with the Board on reviewing its skills mix and succession planning based on the immediate and emerging needs.

The Committee completed its self-assessment during the year, conducted by the Chairman and Committee members and concluded that the Committee continues to operate effectively.



Dr. Gamini De Silva
Chairman - Nominations Committee

23rd February 2023

REPORT OF THE BOARD AUDIT COMMITTEE



During a year of unprecedented challenges, we maintained our focus on strengthening our internal controls and upgraded our processes and skills to keep abreast with technology and regulations and ensure the integrity of the financial reporting process and Financial Statements.

Mr. J A Setukavalar
Chairman - Audit Committee

COMPOSITION AND MEETINGS

The Committee, as at 31st December 2022, comprised of the following members;

Name	Category	MA
Mr. J A Setukavalar (C)	INED	4/4
Mr. D H J Gunawardena	NED	4/4
Mr. W M P J K Wickramasinghe (Resigned w.e.f.27.05.2022)	INED	0/2
Mr. J. Durairatnam (Appointed w.e.f.27.05.2022)	INED	2/2

(C) - Chairman
INED - Independent Non-Executive Director
NED - Non-Executive Director
MA - Meeting Attendance

The Company Secretary acts as the Secretary to the Audit Committee. The Director/CFO, Director/Deputy CFO, Senior AGM - Internal Audit, AGM - Information Systems Audit and External Audit Partners attend meetings by invitation.

PURPOSE OF THE COMMITTEE

The Audit Committee is a Sub-Committee of the Board of Directors of the Company and reports directly to the Board. It holds oversight responsibility for the Company's financial reporting system, compliance with legal and regulatory requirements, internal control mechanism, risk management process, internal audit function and review of independence and performance

of external auditors, with a view to safeguarding the interests of the shareholders and all other stakeholders.

TERMS OF REFERENCE

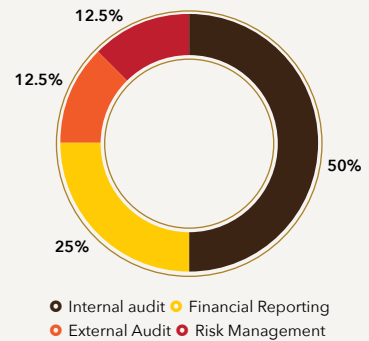
The Committee is governed by the Terms of Reference which has been prepared in line with the Rules set out in the Code of Best Practice on Corporate Governance. It provides an outline of the objectives, composition, role and responsibilities of the Committee.

Key responsibilities

- Assist the Board of Directors in fulfilling its overall responsibilities towards monitoring and reviewing the adequacy and effectiveness of accounting policies, financial and other internal control systems, financial reporting processes and risk management procedures
- Exercise independent oversight of the Company's assurance functions, including external and internal audit and ensure the independence and effectiveness of both the external and internal audit functions
- Make recommendations to the Board on the appointment of external auditors, their remuneration and terms of engagement
- Review the Company's processes for monitoring compliance with financial reporting requirements, information requirements pertaining to the Companies Act, Insurance Regulatory Commission of Sri Lanka, Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange and other relevant laws and regulations

- Assessing the Company's ability to continue as a going concern in the foreseeable future

ACTIVITIES IN 2022



FINANCIAL REPORTING

- Reviewed and recommended the Company's quarterly and annual financial statements to the Board for approval, prior to release, including the extent of compliance with Sri Lanka Accounting Standards (LKASs and SLFRSs) and the adequacy of disclosures required by other applicable laws, rules and guidelines.
- Reviewed significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional and regulatory pronouncements, and their impact on the financial statements
- Verified that appropriate accounting policies and practices and adequate internal controls and procedures are in place to provide reasonable assurance that the financial reporting system is effective and well managed.

- Reviewed the Quarterly Regulatory Compliance Reports submitted to the Committee and verified that the Company's compliance framework provided reasonable assurance that all relevant laws, regulations, code of ethics and standards of governance have been adhered to.
- Reviewed the findings of examinations by regulatory agencies and auditor observations, especially in areas/ functions concerning, Functions of the Investment Division, Audit on Money Laundering and Terrorist Financing Risk Management, Audit on Reinsurance, Audit on Underwriting, etc...

INTERNAL AUDIT

- Reviewed the scope of the internal audit, its budget, resource plan, activities, and organizational structure of the internal audit function with the Chief Audit Managers.
- Reviewed the independence, objectivity and performance of the internal audit function, the findings of the internal audits completed and their evaluation of the internal control system
- Reviewed the internal audit reports, status of significant findings and their recommendations, management response and the status of the implementation on a regular basis.

RISK MANAGEMENT AND CONTROLS

- Reviewed the processes for identification, evaluation and management of operational risks faced by the Company. The Committee was satisfied that an effective system of internal controls is in place to provide reasonable assurance on safeguarding the Company's assets and reliability of Financial Statements.
- Ensuring that good governance practices cascade down to every single level of the organization and are strictly adhered to.

EXTERNAL AUDIT

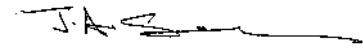
- Reviewed the independence and objectivity of the Independent External Auditors. The Committee was satisfied that the independence of the External Auditors has not been adversely influenced by any event or service that could result in a conflict of interest.
- Reviewed the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit. Discussions concerning the audit plan, key audit issues arising from the interim and final audits and their resolutions, Management Letter and management responses, proposed remuneration of the Auditor were carried out.
- Reviewed the non-audit services provided by the External Auditors against the policy, to ensure such functions do not fall within the restricted services and provision of such services would not impair the External Auditors' independence and objectivity.
- The Committee recommended Messrs. Ernst & Young, Chartered Accountants to be re-appointed as the independent External Auditors subject to the approval of the shareholders at the next Annual General Meeting.

WHISTLEBLOWING POLICY

- In accordance with the Whistleblowing Policy all incidents which are reported are forwarded to an independent Whistleblowing Committee which comprises of senior management members. All reported incidents are reviewed on an independent basis. If in the event any incident which is reported is deemed to contain any potential or existing wrongdoing the matter will be further investigated whilst ensuring the anonymity and confidentiality of the whistle blower.

COMMITTEE EVALUATION

The Audit Committee is satisfied that the effectiveness of the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with the Company policies and that the Company's assets are properly accounted for and sufficiently safeguarded. The annual evaluation of the committee was carried out and it was deemed that the Committee's functions were carried out effectively.



Mr. J A Setukavalar
Chairman- Audit Committee

23rd February 2023

REPORT OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE



11 We focused mainly on increasing awareness of the Related Party Transactions, the compliance of relevant guidelines and enhancing the reporting processes to support the discharge of the Committee mandate. **11**

Mr. J A Setukavalar

Chairman -Related Party Transactions Review Committee

COMPOSITION AND MEETINGS

The Committee, as at 31st December 2022, comprised of the following members;

Name	Category	MA
Mr. J A Setukavalar (C)	INED	4/4
Mr. D H J Gunarwardena	NED	4/4
Mr. W M P J K Wickramasinghe (Resigned w.e.f. 27.05.2022)	INED	0/2
Mr. W W L R A Fernando (Appointed w.e.f. 27.05.2022)	INED	2/2

(C) - Chairman

INED - Independent Non-Executive Director

NED - Non-Executive Director

MA - Meeting attendance

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee. The Director / CFO and AGM - Financial Operations & Compliance attend the meetings by invitation.

PURPOSE OF THE COMMITTEE

The Committee was established for the purpose of reviewing the Related Party Transactions (RPTs) in determining whether the proposed transactions are in compliance with various applicable laws and standards, the governance code and the listing rules, prescribed for related party transactions.

The Committee reviews any proposed related party transactions on behalf of the Board to safeguard the interests of the shareholders by preventing Directors,

Senior Management and/or substantial shareholders taking advantage of their positions to execute transactions.

TERMS OF REFERENCE

The Committee is governed by the mandate approved by the Board of Directors, which encompasses the Committee's purpose, duties and responsibilities. The Committee exercises oversight on behalf of the Board to ensure compliance with the Code of Best Practices on Related Party Transactions published by the Securities and Exchange Commission of Sri Lanka, regulations issued by the CSE and LKAS 24. The Committee reviewed the Terms of Reference, last reviewed in 2021 and no changes were recommended.

Key responsibilities

- To review related party transactions of the Company either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information required from management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain competent independent professional advice to assess all aspects of proposed related party transactions where necessary. Apart from obtaining Independent Specialists' advice wherever necessary, the committee is empowered to access data and information pertaining to Related Parties as well as call for clarifications from the Management and Auditors both External and Internal on any associated matter.
- To recommend, where necessary, to the Board and obtain their approval, prior to the Company in execution of any related party transaction.

Activities in 2022

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. The Committee reviewed all the details of other related party transactions entered into by the Company during the year which are disclosed in Note 44 to the financial statements.

All proceedings of the Committee meetings are reported to the Board on a regular basis along with recommendations to improve the process of reporting related party transactions whenever they arise.

The annual evaluation of the Committee was carried out by the Board and it was deemed that the Committee's functions were being carried out effectively.

CONCLUSION

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 206 to 212 as a negative statement to the effect that no related party transaction falling within the ambit of the Code of Best Practice on related party transactions issued by the Securities & Exchange Commission of Sri Lanka and the Mandate of the RPTRC that required prior approval of shareholders was carried out during the year.

Mr. J A Setukavalar

Chairman- Related Party Transactions Review Committee

23rd February 2023

OPERATIONAL INVESTMENT COMMITTEE REPORT

	2022	2021	Growth	Impact on Capitals	Impact on Stakeholders
	LKR Bn	LKR Bn	%		
Life Fund	134.88	119.63	12.7%	Financial capital (+) Manufactured capital (+)	Policyholders (+) Regulator (+)
Investment and Other Income	20.07	15.12	32.7%	Financial capital (+) Manufactured capital (+)	Policyholders (+) Shareholders (+) Government (+) Community (+)
Credit Quality (Ratings of "A" and above as a % of the total financial investments)	90%	90%	-	Financial capital (+) Manufactured capital (+) Social and Relationship capital (+)	Policyholders (+) Shareholders (+) Regulator (+) Government (+)

The Long-Term Insurance Fund ("Fund") of Ceylinco Life Insurance Limited ("Ceylinco Life") is overseen by the Board Investment Committee, to ensure it provides a secure and a steady return for its policyholders.

As an adoption of the "Guidelines on Investments for Insurance Companies" issued by Insurance Regulatory Commission of Sri Lanka, the Board Investment Committee was established by the Board of Directors of Ceylinco Life ("Board") to ensure compliance with the said code as well as global best practices. The Board Investment Committee is acting in a fiduciary capacity with respect to the Fund and is accountable to the Board. The Committee formulates investment strategies and oversees the performance of investments on a quarterly basis.

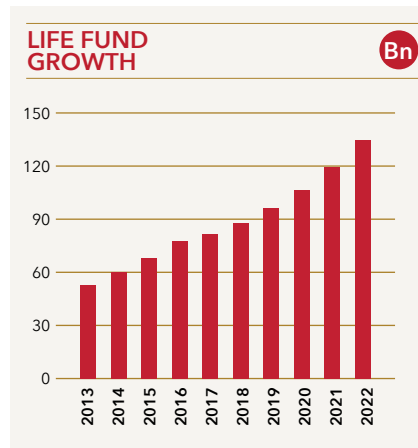
In order to make timely decisions on executing strategies crafted, the Committee has appointed Operational Investment Committee ("Committee") which meets on a weekly basis. To ensure a return that is secure and steady, investments are made diligently according to diverse investment objectives and varied risk preferences.

By crafting investment strategies that add value, continually monitoring the execution of the set strategies to ensure conformity, and making timely calls deemed necessary to ensure probity, the Committee ensures that the funds

are well positioned, ideally invested and coherently managed to meet the objectives of various stakeholders such as policyholders, shareholders and regulators.

1. LONG TERM INSURANCE FUND

The Long-term Insurance Fund of Ceylinco Life, which is considered as a safe haven for policyholders, has surged over the LKR 134 Billion mark, which depicts the superior performance and stability of its investments, and the continuous trust and loyalty placed by the policyholders.



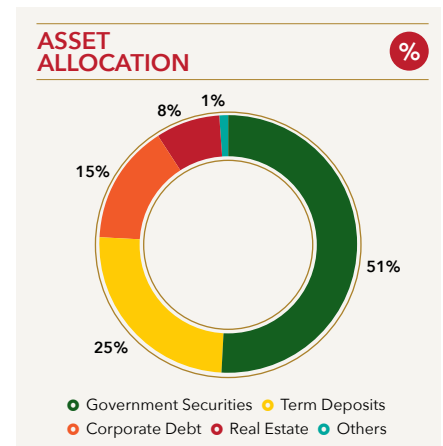
2. QUALITY OF INVESTMENTS

The Investment Front Office of Ceylinco Life, with the recommendations and guidance of the Operational Investment Committee along with the oversight and supervision of Board Investment

Committee, manages the Long-term Insurance Fund, which is regarded as one of the largest and thriving life insurance portfolios in Sri Lanka. The execution and settlement of approved investments is performed by the Investment Back Office, while Investment Middle Office constantly monitor investment-related risk exposures.

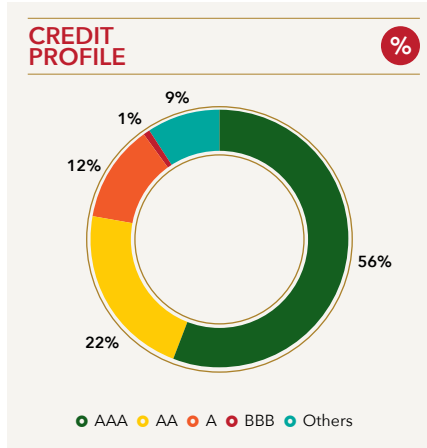
Risk and Return, while carrying an inherent trade-off, are two aspects which hold paramount importance in crafting an investment strategy. Ceylinco Life takes utmost responsibility in providing the best possible solutions to maintain an optimum and cautious balance between the two.

In order to illustrate the prudence and diligence of investments, the below charts elaborate the asset allocation and credit rating profile as of 31st December 2022.



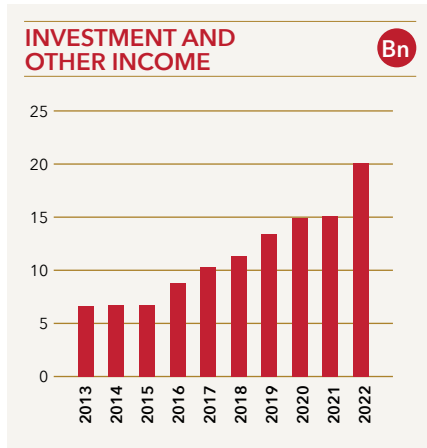
OPERATIONAL INVESTMENT COMMITTEE REPORT

STEWARDSHIP AND CORPORATE GOVERNANCE



3. INVESTMENT INCOME

Stemming from our prudent and conservative investment strategy, Investment Front Office continued to invest in short-term, with an anticipation of rise in interest rates by end 2022. The outcome was fruitful as interest rates increased drastically, to all-time highs, leading to a growth in Investment and Other Income by 32.7% (which is a 10-year high) and surpassing LKR 20 Billion mark (which is an all-time high).



OPERATIONAL INVESTMENT COMMITTEE

The following members served in the Operational Investment Committee during the year.

1	Mr. R. Renganathan (Chairman)	Chairman
2	Mr. E. T. L. Ranasinghe (Managing Director/CEO)	Member
3	Mr. P. A. Jayawardena (Director/CFO)	Member

4	Mr. S. R. Abeynayake (Director/Deputy CFO)	Member
5	Mr. R. S. W. Senanayake (Non-Executive Director)	Member
6	Mr. E. R. S. G. S. Hemachandra (GM - Marketing)	Member
7	Mr. V. Hemakumara (CRO)	Member
8	Mr. D. M. G. L. Alwis (Snr AGM - Portfolio)	Member
9	G A H Chandana AGM - Financial Operations & Compliance	Member
10	Mr. K. I. Wethasinghe (AGM - Legal)	Member
11	Ms. R.P. Gunasekara (Senior Manager - Actuarial)	Member
12	Mr. C. S. Kumarasinghe (Senior Dealer/Manager)	Member
13	Mr. K. V. Wickramasuriya (Senior Assistant Manager)	Member
14	Mr. G. D. D. Perera (Dealer/Assistant Manager)	Member

The Committee members contribute immensely and add value to the investment decision making process with their vast knowledge and diverse experience. In addition, the Committee obtains external professional advice on matters within its purview.

MEETING AND ATTENDANCE

The Committee meets weekly, recognizing the prominence of the investment decision making function, to proactively monitor the implementation of investment strategies, and to timely face the challenges posed from ever-changing global and local macro-economic landscapes.

In addition to the members, management representatives from the areas such as Actuarial, Finance, Life Operations, Marketing and Systems attend the meetings on invitation.

INVESTMENT OUTLOOK FOR 2023

The Committee notes the recent challenges posed by global developments and their impact on financial markets which (in the opinion

of the Committee) would resonate for several years. In the recent past, financial markets have faced multiple "black swans", which illustrates the new normal, i.e., increasing occurrence of improbable events with severe adverse consequences.

Given the plethora of global and local challenges endured by the economy, Committee believes that their impact would most likely spill over to 2023 as well, mainly due to second order effects. The outlook now seems cautiously optimistic, given the corrective measures from fiscal and monetary fronts. Reaching a Staff Level Agreement with IMF during the latter part of 2022 was a key milestone and impending approval by the IMF Board is paramount to pave the way for economic recovery. Inflationary and currency pressures should subside along with the global as well and local developments. A key point to note is the uncertainty of the outlook since any adverse deviation from the expected fiscal consolidation path could reverse all the gains and alter the trajectory of fragile recovery.

The prudent and diligent investment strategy followed by the Committee over the years has immensely rewarded the Company at such uncertain and challenging times, proving the probity and stability of Ceylinco Life, while reaping benefits of lower volatility of investment returns, and building confidence among investors and policyholders.

In addition, the Committee recognizes that investment strategies adopted should evolve in response to emerging challenges and ever-changing market conditions. Therefore, the Committee continues to monitor, closely, developments in the economy, financial markets and subsequent monetary and fiscal responses by regulators/governments and act appropriately.

On behalf of the Operational Investment Committee,

Mr. R Renganathan
Chairman

23rd February 2023

REPORT OF THE BOARD INVESTMENT COMMITTEE



From an economic and investment perspective, we concluded one of the most challenging, yet interesting years. As in the past, we focused on the fundamentals and continued our prudent and conservative investment strategy, amidst highly volatile and uncertain market conditions.

Mr. R Renganathan
Chairman - Board Investment Committee

COMPOSITION AND MEETINGS

The Committee, as at 31st December 2022, comprised of the following members;

Name	Category	MA
Mr. R Renganathan (C)	ED - Chairman	3/4
Mr. E T L Ranasinghe	MD/CEO	3/4
Mr. P A Jayawardena	ED - CFO	4/4
Mr. S R Abeynayake	ED - Deputy CFO	4/4
Mr. R S W Senanayake	NED	4/4

(C) - Chairman
ED - Executive Director
MD/CEO - Managing Director/Chief Executive Officer
NED - Non-Executive Director
MA - Meeting Attendance

The Company Secretary acts as the secretary to the Investment Committee. Chief Risk Officer/Senior Assistant General Manager, Senior Assistant General Manager - Portfolio, Senior Dealer/Manager - Dealing attend meetings by invitation.

PURPOSE OF THE COMMITTEE

The Committee was established by the Board of Directors of Ceylinco Life to ensure compliance with the "Guidelines on Investment for Insurance Companies" issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) and principles of good

governance. The main purpose of the Committee is to set out and oversee the policies relating to the governance of investment management, management of investment portfolios and associated risks.

TERMS OF REFERENCE

The Committee Charter outlines the composition, role and responsibilities of the Committee. The primary objective of the Committee is to oversee the investment decisions made by the Company and provide direction and guidance in strategic allocation of investments and investment risk management.

Key responsibilities

- Review and recommend to the Board, significant investment strategies and proposals.
- Exercise due care to ensure that the interests and rights of policyholders are uncompromised.
- Ensure full compliance with laws, rules, regulations, determinations and guidelines issued by the IRCSL and any other relevant regulatory authorities.
- Institute effective and efficient governance of investment activities of the Company.
- Ensure that the Company has a sound risk management framework for identifying, monitoring and mitigating various risks arising from investment activities and provide necessary oversight to ensure effective and efficient management of the investment portfolio.

- Review the adequacy of investment-related internal control and risk management systems to support prudent investment management.
- Review the investment policy of the Company on a regular basis to ensure that it remains applicable and in-line with the changes in business, regulatory and economic environment.

KEY ACTIVITIES OF 2022

Prudent investment

- Reviewed and recommended to the Board, significant investment proposals and strategies.
- Ensured that investments were made prudently, according to diverse investment objectives and varied risk preferences, and funds were managed to meet the objectives of various stakeholders such as policyholders, shareholders and regulators.

Investment-related internal control

- Ensured that a sound risk management framework was maintained for identifying, monitoring and mitigating various risks arising from investment activities and provided necessary oversight to ensure effective and efficient management of the investment portfolio.
- Reviewed the performance of investment function as per the guidelines issued by the IRCSL and monitored the portfolio performance, composition and credit quality on a quarterly basis.

REPORT OF THE BOARD INVESTMENT COMMITTEE

- Periodically reviewed the adequacy of investment-related internal control and risk management systems to support prudent investment activities.
- Reviewed the critical internal audit findings related to investment operations.

COMPLIANCE

The Committee oversaw effective and efficient governance of investment activities of the Company. Due care was exercised to ensure that the interests and rights of policyholders were not compromised at any time.

Further, the Committee reviewed and ensured that laws, rules, regulations, determinations and guidelines issued by the IRCSL and other relevant regulatory authorities were fully complied.

PROFESSIONAL ADVICE

The Committee is authorized to seek external professional advice where deemed necessary on matters within their purview. During the year, such advice was specifically sought on market interest rate movements, expected path of monetary and fiscal policy and analysis of key macro-economic variables.

COMMITTEE EVALUATION

The annual evaluation of the performance of the Committee was carried out by the Board and the Committee was deemed to be operating effectively.



Mr. R Renganathan
Chairman - Board Investment
Committee

23rd February 2023

REPORT OF THE BOARD RISK MANAGEMENT COMMITTEE



¶ The importance of risk management was felt more than ever during 2022 with the increased risk exposures due to the ongoing financial crisis in Sri Lanka and its widespread impacts on individuals and corporates alike. The Company adopted a broader approach towards navigating through these challenges while simultaneously enhancing its risk identification, monitoring and mitigation processes. ¶

Mrs. A K Seneviratne
Chairperson -Board Risk Committee

COMPOSITION AND MEETINGS

The Committee, as at 31st December 2022, comprised of the following members;

Name	Category	MA
Mrs. A K Seneviratne (C)	INED	5/5
Mr. W M P J K. Wickramasinghe (Resigned w.e.f. 27.05.2022)	INED	2/3
Mr. R S W Senanayake	NED	5/5
Mr. W W L R A Fernando (Appointed w.e.f. 27.05.2022)	INED	1/2
Mr. O G V J Senanayake (Appointed w.e.f. 27.10.2022)	INED	1/2

(C) - Chairperson
INED - Independent Non-Executive Director
MA - Meeting attendance

The Company Secretary acts as the secretary to the Risk Committee. The Chief Risk Officer attends meetings by invitation.

PURPOSE OF THE COMMITTEE

The Committee was established for the purpose of assisting the Board in fulfilling its responsibilities towards overseeing the adequacy and effectiveness of the risk management

framework and activities of the Company, including the review of major risk exposures and the steps taken to monitor and manage those exposures with the risk appetite.

TERMS OF REFERENCE

The Risk Committee Mandate outlines the composition, role and responsibilities of the Committee. It also specifies the manner in which meetings are conducted. The Committee works closely with the Chief Risk Officer, Corporate Management, Heads of Divisions, Consultants and Senior Managers supervising. broad risk categories such as business, financial, regulatory, ICT, insurance and demographic and operational risks. The matters discussed in the Committee are informed to the Board of Directors on a regular basis.

Key responsibilities

- Setting the tone and developing a corporate culture that embraces risk management practices while supporting the Company's strategic objectives
- Ensuring that the executive team has identified and assessed all key risks and has established a sound risk management framework capable of addressing those risks
- Monitoring risk management capabilities within the Company, including communication lines established to escalate risks, preparedness to face crisis and recovery plans

- Overseeing the division of risk related responsibilities to each Board Sub-Committee as clearly as possible to ensure that all risks are addressed.
- Review and oversee the risk and compliance profile of the Company within the context of the Board determined risk parameters
- Make recommendations to the Board concerning the Company's risk appetite and any risk or compliance management practices
- Oversee and review the implementation of risk management and regulatory compliance throughout the Company

ACTIVITIES IN 2022

- Review of vulnerability assessment and penetration testing of the core insurance application operating system
- Review of proceedings of ERM Executive Committee meetings
- Reviewed the Management's assessment of key risk exposures and emerging trends that have reasonable potential to exceed the Company's stated risk appetite and risk tolerance limits, and where appropriate, recommended action plans
- Review of applicable legislative changes, including the Workmen's Compensation (Amendment) Act, No. 10 of 2022, the Minimum Retirement Age of Workers Act, No. 28 of 2021 and the Personal Data Protection Act,

REPORT OF THE BOARD RISK MANAGEMENT COMMITTEE

No. 9 of 2022, and their impact to the Company

- Reconstitution of the Committee, with the retirement of Mr.W M P J K Wickramasinghe
- Implementation of an anti-money laundering (AML) application to improve the controls in relation to customer screening, transaction monitoring and regulatory reporting
- IT disaster recovery operation moved to OrionStellar data center to eliminate the need for having servers and equipment on our premises and maintenance costs associated with their obsolescence

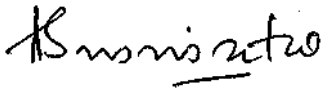
PROFESSIONAL ADVICE

The Committee is authorized to obtain legal or other professional advice internally and/ or externally as and when it deems necessary, at the Company's expense.

The Committee may also seek the views of other Board Sub-Committees as and when required and may inform them of any relevant developments that maybe of relevance to their mandates.

CONCLUSION

A self-assessment of the Committee was carried out and the Committee was deemed to be operating effectively. Areas identified for improvement were addressed during the course of the year.



Mrs. A K Seneviratne
Chairperson - Board Risk Committee

23rd February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Statement sets out the responsibility of the Board of Directors, in relation to the Financial Statements of the Ceylinco Life Insurance Limited (CLIL). In terms of Sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 07 of 2007 and amendments thereto, the Board of Directors of CLIL is responsible for ensuring that the Company keeps proper books of accounts of all the transactions and prepares Financial Statements that give a true and fair view of the financial position of the Company as at the end of the financial year and of the financial performance during the year and place them before a general meeting. The Financial Statements comprise of the Statement of Financial Position as at December 31, 2022, the Income Statement and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Board of Directors confirms that the Financial Statements of CLIL give a true and fair view of the -

- financial position of CLIL as at 31st December 2022 ; and -
- financial performance of CLIL for the financial year then ended.

COMPLIANCE

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that:

- I. In preparing the Financial Statements, appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any have been disclosed and explained.
- II. Reasonable and prudent judgments and estimates have been used so that the form and substance of transactions are appropriately reflected.

III. Sufficient accounting records have been maintained to disclose with reasonable accuracy, the financial position of the Company and to ensure 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.

IV. Financial Statements have been prepared on a going-concern basis and sufficient funds and other resources are available within the Company to continue its operations and to facilitate planned future expansions and capital commitment.

V. Reasonable measures have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Accordingly, the Directors have taken steps to establish appropriate systems of internal controls comprising internal audit checks, risk assessment tests and financial and other controls to safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.

VI. As required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to Ceylinco Insurance PLC, the sole shareholder of the Company.

VII. External Auditors, Messrs Ernst & Young who were re-appointed by the shareholder at the last Annual General Meeting held on 23.03.2022 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to give their audit opinion. They have examined the Financial Statements made available to them by the Board of Directors together with all the financial records, related data

and Minutes of shareholders' and Directors' Meetings and expressed their opinion in the "Independent Auditors' Report" which appears as reported by them on pages 235 to 236.

VIII. To the best of their knowledge and belief all statutory payments in relation to regulatory and statutory authorities that were due, in respect of the Company as at the Balance Sheet date have been duly paid or where relevant, provided for.

Accordingly, the Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board,



K I Weththasinghe
Company Secretary
Ceylinco Life Insurance Limited

23rd February 2023
Colombo

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S STATEMENT

The Financial Statements of Ceylinco Life Insurance Limited as at 31st December 2022 are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);
- Companies Act No. 07 of 2007 and amendments thereto;
- Regulation of Insurance Industry Act No.43 of 2000 (as amended),
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

The Accounting Policies used in preparation of the Consolidated Financial Statements are appropriate and consistently applied, except unless otherwise stated in the Notes accompanying the Financial Statements. There are no deviations from the prescribed Accounting Standards in their adoption. Comparative information has been re-classified whenever necessary to comply with the current presentation. Application of Significant Accounting Policies and estimates that involve a high degree of judgement and complexity were discussed with the members of the Board Audit Committee and External Auditors.

We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects the financial position, results of the operations and the Cash Flows of the Company during the year under review. The estimates and judgements relating to the financial statements were made on a prudent and reasonable basis. We also confirm that the Company has adequate resources to continue in operation and have applied the Going Concern basis in preparing these Financial Statements.

In order to ensure this, the Company has taken proper and adequate care in installing a system of internal control and accounting records, which are reviewed, evaluated and updated on an-ongoing basis.

All accounting controls are continuously updated to ensure prudence and completeness, prevention and detection of fraud and other irregularities. This ensures accounting records are free from error and omission. The internal control system in place functions properly and it is regularly evaluated. All procedure manuals are updated whenever necessary and are accessible to all the staff.

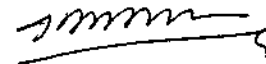
The Internal Auditors of the Company have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company have been consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements of the Company as at 31st December 2022 were audited by Messrs. Ernst & Young and their Report is given on pages 235 to 236.

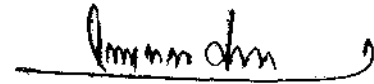
The Audit Committee of the Company meets on a quarterly basis. Internal Auditors and the External Auditors join the meeting on invitation when necessary to review the manner in which these Auditors execute their audit procedures and to discuss major variations or observations, internal control and reporting issues. To ensure complete independence, the Independent External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

We confirm that to the best of our knowledge:

- The Company has complied with all applicable laws, regulations and prudential requirements;
- There are no material non-compliances; and
- There is no material litigation that is pending against the Company.



E T L Ranasinghe
Managing Director/ Chief Executive Officer



P A Jayawardena
Director/ Chief Financial Officer

23rd February 2023
Colombo

THE BOARD'S STATEMENT ON INTERNAL CONTROL

The Board of Directors of Ceylinco Life Insurance Limited (the Company) wishes to present this Report on Internal Control mechanisms, in line with section D.1.5 of the Code of Best Practice on Corporate Governance 2017 (Code) issued by CA Sri Lanka.

RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the system of internal controls in place in order to safeguard shareholders' investment and the Company's assets. This system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than eliminating the risk of failure to achieve the business objectives and policies of the Company. Accordingly, a reasonable but not absolute assurance can be provided, against material misstatement of management and financial information and against financial losses and fraud.

The Company has established key processes that aid in ensuring the integrity and efficacy of the system of internal controls that has been adopted with respect to financial reporting. These processes are regularly reviewed by Committees which assist the Board in matters relating to the Company's operations, and ensure that approved corporate objectives, strategies and policies are adhered to. The Board is of the view that the system of internal controls in place over financial reporting is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

KEY INTERNAL CONTROL PROCESSES

• Board Risk Management Committee (BRMC)

The Board Risk Management Committee is responsible for assisting the Board in all matters relating to the overall management of principal areas of risk to the Company. The BRMC implements the Risk Management Framework via Executive Risk Committees. Quarterly meetings are held during which key risk areas are discussed and required action initiated. All areas that come under discussion are escalated

to Board level. A detailed account of the activities carried out by the Board and Executive Risk Committees are available in the Risk Management section from pages 197 to 205 of this report.

• Internal Audit & Information Systems Audit Departments

The Internal Audit Department and Information System Audit Department are responsible for reviewing the design and effectiveness of the internal control systems, management information systems, as well as the systems for compliance with applicable laws, regulations, rules and directives.

Audits are carried out on all the branches and departments. The frequency of these audits is determined using a risk-based methodology which factors in the input of Senior Management. An independent and objective report is mandatory. Some reviews are outsourced to external parties with specialist knowledge in the relevant area. These external audits are carried out depending on the nature and complexity of the area requiring review. The annual audit plan is drawn up by the Internal Audit Department and Information System Audit Department and is reviewed and approved by the Audit Committee.

• Audit Committee

The Audit Committee conducts quarterly reviews to address significant findings with respect to non-compliances or ineffectiveness by the Internal Audit Department and Information Systems Audit Department. The Audit committee is also responsible for taking action to deal with significant issues and control weaknesses highlighted by the External Auditors. The Audit Committee reviews the quality assurance and improvement in programmes of the Internal Audit and IS Audit Departments and the performance of External Auditors, in order to evaluate the adequacy and effectiveness of the Company's risk management and internal control system.

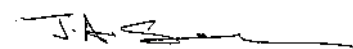
The comments made by the External Auditor in connection with the internal control system over financial reporting in previous years were reviewed during the year and necessary steps were taken to address them where appropriate.

The minutes of the Audit Committee meetings and recommendations regarding the requirements for improvements, are tabled for the information of the Board on a periodic basis. Further details of the activities undertaken by the Audit Committee of the Company are available in the Audit Committee Report on pages 216 to 217.

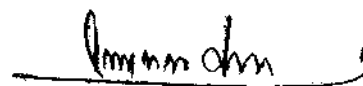
CONFIRMATION

Backed by the Internal Audit Departments' continued review and verification of the suitability and effectiveness of pre-existing procedures and controls, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for various stakeholders has been done in accordance with Sri Lanka Accounting Standards, and comply with regulatory requirements including the Companies Act No. 07 of 2007 and the Insurance Industry Act No. 43 of 2000 (as amended).

By order of the Board,



J A Setukavalar
Chairman - Audit Committee



P A Jayawardena
Director/ Chief Financial Office



R Renganathan
Chairman

23rd February 2023
Colombo

INDEPENDENT ASSURANCE REPORT FOR INTEGRATED REPORTING



Building a better working world

Ernst & Young
Chartered Accountants
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Colombo 10, Sri Lanka

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Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

INTRODUCTION AND SCOPE OF THE ENGAGEMENT

The management of Ceylinco Life Insurance Limited (“the Company”) engaged us to provide an independent assurance on the following elements of its Integrated Annual Report for the year ended 31st December 2022 (“the Report”).

- Reasonable assurance on the information on financial capital management as specified on pages 68 to 87 of the Report.
- Limited assurance on other information on management of the capitals (other than financial capital), stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Report on pages 18 to 59, prepared in accordance with the Guiding Principles and Content Elements given in the IFRS Foundation/ International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework).

BASIS OF OUR WORK AND LEVEL OF ASSURANCE

We perform our procedures to provide reasonable and limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000) (Revised): ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’.

The capital management criteria used for this limited assurance engagement are based on the Guiding Principles and Content Elements given in the IFRS Foundation/International Integrated

Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework).

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 (Revised) and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

MANAGEMENT OF THE COMPANY’S RESPONSIBILITY FOR THE REPORT

The management of the Company is responsible for the preparation and presentation and self-declaration of the information and statement contained within the Report, and for maintaining adequate records and internal controls that are designed to support the Integrated Reporting process under the Integrated Reporting Framework (<IR> Framework).

ERNST & YOUNG’S RESPONSIBILITIES

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).

This report is made solely to the Company in accordance with our engagement letter dated 15th February

2023. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka,

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

KEY ASSURANCE PROCEDURES

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusions. We performed such other procedures as we considered necessary in the circumstances.

KEY ASSURANCE PROCEDURES INCLUDED:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual



- Report - Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
 - Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
 - Obtained an understanding of the description of the organization’s strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
 - Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
 - Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.

- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

LIMITATIONS AND CONSIDERATIONS

Social, Natural and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

CONCLUSION

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial performance as specified on pages 68 to 87 of the Report are properly derived from the audited financial statements for the year ended 31st December 2022.

- Nothing has come to our attention that causes us to believe that other information on stakeholder engagement, business model, organization overview & external environment and outlook presented in the Report are not fairly presented, in all material respects, in accordance with the Integrated Annual Reporting practices and policies which are derived from the IFRS Foundation/ International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework).

23 February 2023
Colombo



FINANCIAL STATEMENTS

We believe in placing robust financial management processes that assesses the requirement of funds for sustainable business operations as well as investments towards business sustainability and growth opportunities. During our 19 years of market leadership in the life insurance arena, we have been recognised as one of the most steadfast and stable insurers who have committed and delivered consistent value to stakeholders. We strive to reflect this stability through the unwavering support we offer to our stakeholders, whilst building relationships for life.

FINANCIAL CALENDER



ANNUAL REPORT

2022
on February 24

2023
on February 23



ANNUAL GENERAL MEETING

2022
on March 23

2023
on March 28



FINAL DIVIDEND PAID (FOR PREVIOUS YEAR)

2022
in March

2023
in March



FINAL DIVIDEND PROPOSED

2022
on February 24

2023
on February 23

UNDERSTANDING OUR FINANCIALS

The statement of income of a life insurance company contains the income and expenses pertaining to the underwriting of life insurance. Thus, the statement of income of a life insurer contains income and expense items that do not appear in a statement of income of a manufacturing and trading business. Similarly, the statement of financial position of a life insurer also contains some industry-specific assets and liabilities.

This brief note is aimed at helping the reader to understand our financials and is to be read along with the explanatory notes to the financial statements and the glossary

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2022

	Brief Description	Rs.'000	Rs.'000
Gross Written Premiums	The main source of income of a life insurer is the premium paid/payable by customers for the risks transferred to the life insurer through the insurance contract.	29,160,164	
Premiums Ceded to Reinsurers	Reinsurance is the process by which part of the risks undertaken by the life insurer is transferred to a reinsurer, for which reinsurance premium paid/payable by the insurer to the reinsurer.	(472,197)	
Net Written Premiums	Net earned premium is the premium earned by the insurer for the financial year.		28,687,967
Fees and Commission Income	Fees and commission income includes the charges and policy fees paid by customers and reinsurance commission income.	205,977	
Investment Income	Investment income contains the interest income, dividend income and rental income on investments made out of the Life Fund, after deducting the related investment expenses.	19,323,140	
Realised Gains	Realised gains and losses include gains and losses arising on sale of financial assets and Property, Plant and Equipment.	57,960	
Fair Value Gains and Losses	Fair value gains and losses are gains and losses that arise from changes in fair values of investment property and financial assets at FVtPL.	433,421	
Other operating revenue	Other income comprises fees charged for policy administration services, gains on foreign currency translations, and miscellaneous income.	50,739	
Other Revenue			20,071,237
Net Income			48,759,204
Gross Benefits and Claims Paid	Gross benefits and claims paid refer to the total amount of claims and claim-related expenses incurred during the year and benefits paid to customers, such as maturity, bonuses, advance payments.	(19,187,615)	
Claims Ceded to Reinsurers	Claims ceded to reinsurers contain the proportion of claims paid, which was recovered from reinsurers.	218,349	
Gross Change in Contract Liabilities	Gross change in contract liabilities is the net transfer to the Life Fund during the period.	(13,375,957)	
Net Benefits and Claims			(32,345,223)
Acquisition Cost	Acquisition cost refers to the commission expenses incurred for the financial year. Life insurance business is predominantly transacted through independent contractual agents who are paid commission based on premium they collected.	(2,097,314)	
Other Operating and Administrative Expenses	Other operating and administrative expenses include administration, staff, sales and marketing expenses related to the company.	(4,300,705)	
Finance Cost	Finance cost includes charges on the financial services provided by financial institutions, particularly bank charges.	(104,382)	
Total Other Expenses			(6,502,401)
Profit Before Tax			9,911,580
Income Tax Expense	Income tax expense comprises the current and deferred tax. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous year.	(2,279,803)	
Profit for the Year			7,631,777

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Brief Description		Rs.'000
Assets		
Intangible Assets		317,695
Property, Plant and Equipment		11,835,209
Right-of-use Asset		195,813
Investment Properties		4,268,230
Investment in Subsidiaries		1,211,000
Investment in Associates		2,641,672
Financial Instruments	Financial instruments represent the financial investments made out of the Life Fund and Shareholders' Fund by a life insurer, with the aim of earning investment income to increase profitability of the company.	157,785,413
Employee Gratuity Benefit Asset		6,185,951
Employee Pension Benefit Asset		1,265,468
Reinsurance Receivables	Represent the amounts receivable by the life insurer from the reinsurer for the claims made the policyholders.	499,817
Loans to life policyholders	Include the loans granted by the life insurer to policyholders. Eligible policyholders can obtain loans up to a pre-determined percentage of the surrender value of their policy.	2,703,623
Premium receivables	Represent the gross written premium accrued up to the reporting date.	368,089
Other Assets		1,848,629
Cash and Cash Equivalents		405,331
Total Assets		191,531,940
Equity and Liabilities		
Equity Attributable to Equity Holders of Parent		
Stated Capital		500,001
Retained Earnings		37,530,856
AFS Reserve		18,552
Revaluation Reserve		581,769
Restricted Regulatory Reserve		3,456,184
Special Reserve		7,311,651
Total Equity		49,399,013
Liabilities		
Insurance Contract Liabilities - Life	Due to the long-term nature of life insurance business, life insurers are required to maintain a separate fund to meet future policyholder obligations. This fund is known as 'Insurance Contract Liabilities - Life', or more commonly as 'Life Fund'. An actuarial valuation is performed at each year end to determine the size of the fund necessary in comparison to the assets maintained out of the fund. Any excess of assets over the policy liabilities of the fund, known as the 'Life Surplus', is transferred to the shareholders' funds of the company.	134,885,839
Insurance Contract Liabilities - Unit Linked		254,911
Insurance Contract Liabilities-Family Takaful	These items represent the balances of the other separately identifiable funds, in addition to the Life Fund, maintained by a life insurer.	16,087
Individual Investment Fund ISF		392,339
Deferred Tax Liabilities		527,765
Reinsurance Payables	Reinsurance payables contain amounts outstanding to be paid to reinsurers by a life insurer as at the reporting date.	686,493
Trade and Other Payables		4,436,632
Lease Liabilities		207,338
Bank Overdraft		725,523
Total Liabilities		142,132,927
Total Equity and Liabilities		191,531,940

ACTUARIAL REPORT



21 February 2023

To The Directors of Ceylinco Life Insurance Limited

Actuarial Valuation as at 31 December 2022

I have carried out an actuarial valuation of the Life Fund of Ceylinco Life Insurance Limited (“the Company”) as at 31 December 2022. I hereby certify that:

- 1 I have satisfied myself about the accuracy of the valuation data furnished to me by making a number of reasonableness checks;
- 2 Adequate and proper reserves have been provided as at 31 December 2022 for all known liabilities in respect of the long term business of the Life Fund, taking into account all bonus declared as at that date in accordance with the requirements of Solvency Margin (Risk Based Capital) Rules 2015 dated 15 December 2015; and
- 3 Based on information on assets extracted from the audited accounts of the Company for the year ended 31 December 2022, the Company has adequate financial resources to cover its capital requirements in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 dated 15 December 2015.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Vivek Jalan', is written over a light blue horizontal line.

Vivek Jalan FIA

Head of Insurance Consulting & Technology, India

Willis Towers Watson India Private Limited

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CIN – U67190HR1996PTC051336

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

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TO THE SHAREHOLDERS OF CEYLINCO LIFE INSURANCE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ceylinco Life Insurance Limited ("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 2022, and 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group gives a true and fair view of the financial position of the Company and the Group as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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.

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

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

In preparing the financial statements, management is responsible for assessing the 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 financial reporting process of both Company and Group.

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

INDEPENDENT AUDITORS' REPORT



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.

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.

Report on Other Legal and Regulatory Requirements

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

As required by the Section 47(2) of the regulation of insurance industry Act, No.43 of 2000, as far as appears from our examination, the accounting records of the company have been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.

23 February 2023
Colombo

STATEMENT OF FINANCIAL POSITION

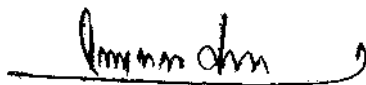
As at 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Assets						
Intangible Assets	254	6	317,810	296,607	317,695	296,448
Property, Plant and Equipment	257	7	15,202,819	13,430,315	11,835,209	10,177,018
Right-of-use Asset	267	8	197,747	230,155	195,813	238,137
Investment Properties	269	9	1,288,730	1,229,600	4,268,230	4,045,700
Investment in Subsidiaries	273	10	-	-	1,211,000	1,136,000
Investment in Associates	275	11.(a)	6,946,848	5,025,710	2,641,672	807,672
Financial Instruments						
Held to Maturity Financial Assets	279	12.(a)	92,014,385	63,905,377	91,730,251	63,905,377
Loans and Receivables	280	12.(b)	65,770,166	84,883,811	64,965,241	83,943,190
Available-For-Sale Financial Assets	281	12.(c)	828,588	783,568	621,942	616,108
Financial Assets at Fair Value Through Profit or Loss	283	12.(d)	467,979	1,073	467,979	1,073
Employee Gratuity Benefit Asset	292	13	6,185,951	5,016,649	6,185,951	5,016,649
Employee Pension Benefit Asset	295	14	1,265,468	591,984	1,265,468	591,984
Reinsurance Receivables	297	15	499,817	392,170	499,817	392,170
Income Tax Receivables	300	16.(a)	6,376	6,376	-	-
Loans to Life Policyholders	302	17.(a)	2,703,623	1,561,981	2,703,623	1,561,981
Premium Receivables	304	18	368,089	336,496	368,089	336,496
Other Assets	305	19	2,105,228	467,934	1,848,629	202,603
Cash and Cash Equivalents	305	20	332,261	421,856	405,331	494,350
Total Assets			196,501,885	178,581,662	191,531,940	173,762,956
Equity and Liabilities						
Equity Attributable to Equity Holders of Parent						
Stated Capital	306	21.(a)	500,001	500,001	500,001	500,001
Retained Earnings	307	21.(c)	41,227,449	35,992,934	37,530,856	32,400,318
AFS Reserve	307	21.(d)	18,552	29,368	18,552	29,368
Revaluation Reserve	307	21.(e)	979,571	831,796	581,769	496,512
Restricted Regulatory Reserve	308	21.(g)	3,456,184	3,456,184	3,456,184	3,456,184
Special Reserve	308	21.(f)	7,311,651	7,311,651	7,311,651	7,311,651
Total Ordinary Shareholders' Equity			53,493,408	48,121,934	49,399,013	44,194,034
Non-Controlling Interests	326	36	8,084	7,092	-	-
Total Equity			53,501,492	48,129,026	49,399,013	44,194,034

STATEMENT OF FINANCIAL POSITION

As at 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Liabilities						
Insurance Contract Liabilities - Life	311	22.(a)	134,888,219	119,637,160	134,885,839	119,634,780
Insurance Contract Liabilities - Unit Linked	311	22.(a)	254,911	318,852	254,911	318,852
Insurance Contract Liabilities - Family Takaful	311	22.(a)	16,087	15,973	16,087	15,973
Individual Investment Fund - ISF	311	22.(a)	392,339	351,441	392,339	351,441
Employee Gratuity Benefit Liability	292	13	8,474	12,274	-	-
Deferred Tax Liabilities	301	16.(c)	1,132,194	931,714	527,765	378,863
Reinsurance Payables	315	24	686,493	524,897	686,493	524,897
Trade and Other Payables	316	25	4,688,105	4,765,374	4,436,632	4,486,105
Lease Liabilities	267	8.(b)	202,410	233,814	207,338	251,560
Interest Bearing Borrowings	314	23.(a)	-	3,210,934	-	3,202,054
Bank Overdraft	305	20	731,161	450,203	725,523	404,397
Total Liabilities			143,000,393	130,452,636	142,132,927	129,568,922
Total Equity and Liabilities			196,501,885	178,581,662	191,531,940	173,762,956

The above Statement of Financial Position is to be read in conjunction with the notes to the Financial Statements on pages 244 to 353 which form an integral part of the Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.



P A Jayawardene
Director/Chief Financial Officer

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

Approved and Signed on behalf of the Board by;



R Renganathan
Executive Chairman



E T L Ranasinghe
Managing Director/Chief Executive Officer

23rd February, 2023

INCOME STATEMENT

For the Year Ended 31 December	GROUP			COMPANY				
	Page	Note	2022 Rs.'000	2021 Rs.'000	Change %	2022 Rs.'000	2021 Rs.'000	Change %
Net Income			49,068,789	40,555,074	20.99	48,759,204	40,385,690	20.73
Gross Written Premiums	317	26.(a)	29,159,890	25,564,813	14.06	29,160,164	25,565,050	14.06
Premiums Ceded to Reinsurers	318	26.(c)	(472,197)	(308,499)	53.06	(472,197)	(308,499)	53.06
Net Written Premiums			28,687,693	25,256,314	13.59	28,687,967	25,256,551	13.59
Revenue from Subsidiaries	318	26.(f)	337,885	364,701	(7.35)	-	-	-
			29,025,578	25,621,015	13.29	28,687,967	25,256,551	13.59
Fees and Commission Income	319	27	205,977	197,885	4.09	205,977	197,885	4.09
Investment Income	319	28	19,432,944	14,199,055	36.86	19,323,140	14,314,783	34.99
Realised Gains/(Losses)	320	29	57,960	200,376	(71.07)	57,960	200,402	(71.08)
Fair Value Gains/ (Losses)	321	30	274,403	305,593	(10.21)	433,421	388,079	11.68
Other Operating Revenue			71,926	31,150	130.90	50,739	27,990	81.27
Other Revenue			20,043,211	14,934,059	34.21	20,071,237	15,129,139	32.67
Gross Benefits and Claims Paid	321	31.(a)	(19,187,615)	(12,927,237)	48.43	(19,187,615)	(12,927,237)	48.43
Claims Ceded to Reinsurers	321	31.(b)	218,349	190,929	14.36	218,349	190,929	14.36
Gross Change in Contract Liabilities	321	31.(c)	(13,375,957)	(11,803,985)	13.32	(13,375,957)	(11,803,985)	13.32
Net Benefits and Claims			(32,345,223)	(24,540,293)	31.80	(32,345,223)	(24,540,293)	31.80
Direct Costs of Subsidiaries			(255,239)	(143,410)	77.98	-	-	-
Acquisition Cost	322	32	(2,097,314)	(2,369,754)	(11.50)	(2,097,314)	(2,369,754)	(11.50)
Other Operating and Administrative Expenses	322	33	(4,464,572)	(5,043,996)	(11.49)	(4,300,705)	(4,836,630)	(11.08)
Finance Cost	324	34	(104,621)	(93,738)	11.61	(104,382)	(93,640)	11.47
Total Other Expenses			(6,921,746)	(7,650,898)	(9.53)	(6,502,401)	(7,300,024)	(10.93)
Total Benefits, Claims and Other Expenses			(39,266,969)	(32,191,191)	21.98	(38,847,624)	(31,840,317)	22.01
Profit Before Share of Associates			9,801,820	8,363,883	17.19	9,911,580	8,545,373	15.99
Share of Profit of Associates	275	11.(b)	591,521	1,068,712	(44.65)	-	-	-
Profit Before Tax			10,393,341	9,432,595	10.19	9,911,580	8,545,373	15.99
Tax Expense	324	35.(a)	(2,228,592)	(1,844,935)	20.80	(2,279,803)	(1,770,883)	28.74
Profit for the Year			8,164,749	7,587,660	7.61	7,631,777	6,774,490	12.65
Profit Attributable to:								
Equity Holders of the Parent			8,163,769	7,587,158	7.60	7,631,777	6,774,490	12.65
Non-Controlling Interests	326	36.(b)	980	502	95.25	-	-	-
			8,164,749	7,587,660	7.61	7,631,777	6,774,490	12.65
Basic Earnings Per Share	326	37.(a)	163.28	151.74	7.60	152.64	135.49	12.65
Dividend Per Share	326	38	18.25	15.75	15.87	18.25	15.75	15.87

The above Income Statement is to be read in conjunction with the notes to the Financial Statements on pages 244 to 353 which form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit for the Year			8,164,749	7,587,660	7,631,777	6,774,490
Other Comprehensive Income						
Items that will not be reclassified subsequently to income statement						
Revaluation Surplus/(Deficit) During the Year	327	39	1,754,749	926,640	1,579,173	826,700
Actuarial Gain/(Loss) on Defined Benefit Plans	327	39	556,880	265,387	555,552	264,577
Share of Other Comprehensive Income of Equity Accounted Investees	327	39	(219,497)	103,486	-	-
Items that may be reclassified subsequently to income statement						
Net Gain/(Loss) on Available-For-Sale Assets	328	39	(121,118)	(572,553)	(121,118)	(572,553)
Income Tax relating to Components of Other Comprehensive Income	328	39	(210,421)	(1,898)	(97,137)	22,207
Other Comprehensive Income for the Year, Net of Tax			1,760,593	721,062	1,916,470	540,931
Total Comprehensive Income for the Year, Net of Tax			9,925,342	8,308,722	9,548,247	7,315,421
Total Comprehensive Income Attributable to:						
Equity Holders of the Parent			9,924,350	8,308,220	9,548,247	7,315,421
Non-Controlling Interests			992	502	-	-
			9,925,342	8,308,722	9,548,247	7,315,421

The above Statement of Comprehensive Income is to be read in conjunction with the notes to the Financial Statements on pages 244 to 353 which form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT											
	Page	Note	Stated Capital Rs.'000	Special Reserve Rs.'000	Restricted Regulatory Reserve Rs.'000	Revaluation Reserve Rs.'000	Retained Earnings Rs.'000	Available-for-Sale Reserve Rs.'000	Total Ordinary Share-holders' Equity Rs.'000	Non-Controlling Interests Rs.'000	Total Equity Rs.'000
Group											
Balance as at 1st January 2021			500,001	7,311,651	3,456,184	625,581	28,984,774	102,622	40,980,816	6,590	40,987,406
Net Profit for the Year			-	-	-	-	7,587,158	-	7,587,158	502	7,587,660
Other Comprehensive Income for the Year			-	-	-	888,292	368,753	(535,983)	721,062	-	721,062
Total Comprehensive Income for the Year			-	-	-	888,292	7,955,911	(535,983)	8,308,221	502	8,308,723
Final Dividend Paid - 2020			-	-	-	-	(782,500)	-	(782,500)	-	(782,500)
Transferred to Long Term Insurance Fund			-	-	-	(682,077)	(264,577)	462,729	(483,925)	-	(483,925)
Changes in Equity of Associates			-	-	-	-	99,326	-	99,326	-	99,326
Balance as at 31st December 2021			500,001	7,311,651	3,456,184	831,796	35,992,934	29,368	48,121,933	7,092	48,129,025
Adjustment for Surcharge Tax			-	-	-	-	(1,713,738)	-	(1,713,738)	-	(1,713,738)
Adjusted Balance as at 31st December 2021			500,001	7,311,651	3,456,184	831,796	34,279,196	29,368	46,408,196	7,092	46,415,288
Net Profit for the Year			-	-	-	-	8,163,769	-	8,163,769	980	8,164,750
Other Comprehensive Income for the Year			-	-	-	1,549,156	337,144	(125,719)	1,760,582	12	1,760,594
Total Comprehensive Income for the Year			-	-	-	1,549,156	8,500,913	(125,719)	9,924,351	992	9,925,343
Final Dividend Paid - 2021	327	38	-	-	-	-	(787,501)	-	(787,501)	-	(787,501)
Transferred to Long Term Insurance Fund			-	-	-	(1,401,380)	(555,552)	114,903	(1,842,029)	-	(1,842,029)
Changes in Equity of Associates			-	-	-	-	(209,606)	-	(209,606)	-	(209,606)
Balance as at 31st December 2022			500,001	7,311,651	3,456,184	979,571	41,227,449	18,552	53,493,410	8,084	53,501,494
Company											
Balance as at 1st January 2021			500,001	7,311,651	3,456,184	366,251	26,408,326	102,622	38,145,036	38,145,036	
Net Profit for the Year			-	-	-	-	6,774,490	-	6,774,490	6,774,490	
Other Comprehensive Income for the Year			-	-	-	812,338	264,577	(535,984)	540,931	540,931	
Total Comprehensive Income for the Year			-	-	-	812,338	7,039,067	(535,984)	7,315,421	7,315,421	
Final Dividend Paid - 2020			-	-	-	-	(782,500)	-	(782,500)	(782,500)	
Transferred to Long Term Insurance Fund			-	-	-	(682,077)	(264,576)	462,729	(483,925)	(483,925)	
Balance as at 31st December 2021			500,001	7,311,651	3,456,184	496,512	32,400,318	29,368	44,194,032	44,194,032	
Adjustment for Surcharge Tax			-	-	-	-	(1,713,738)	-	(1,713,738)	(1,713,738)	
Adjusted Balance as at 31st December 2021			500,001	7,311,651	3,456,184	496,512	30,686,580	29,368	44,194,032	42,480,294	
Net Profit for the Year			-	-	-	-	7,631,777	-	7,631,777	7,631,777	
Other Comprehensive Income for the Year			-	-	-	1,486,637	555,552	(125,719)	1,916,470	1,916,470	
Total Comprehensive Income for the Year			-	-	-	1,486,637	8,187,329	(125,719)	9,548,247	9,548,247	
Final Dividend Paid - 2021	327	38	-	-	-	-	(787,501)	-	(787,501)	(787,501)	
Transferred to Long Term Insurance Fund			-	-	-	(1,401,380)	(555,552)	114,903	(1,842,029)	(1,842,029)	
Balance as at 31st December 2022			500,001	7,311,651	3,456,184	581,769	37,530,856	18,552	49,399,012	49,399,012	

The above Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements on pages 244 to 353 which form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year Ended 31 December			GROUP		COMPANY	
			2022	2021	2022	2021
	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Operating Activities						
Premiums/Revenue received from Customers			29,161,351	25,547,501	29,161,624	25,547,738
Reinsurance Premiums (net of Commission) Paid			(216,813)	(203,663)	(216,813)	(203,663)
Commission Paid			(2,137,869)	(2,414,777)	(2,137,869)	(2,414,777)
Claims and Benefits Paid			(19,123,848)	(12,699,709)	(19,123,848)	(12,699,709)
Reinsurance Receipts in respect of Claims & Benefits			108,133	139,502	108,133	139,502
Interest and Dividends Received			14,789,652	10,953,302	14,872,401	11,121,348
Other Operating Cash Payments			(5,183,884)	(4,141,485)	(5,336,138)	(4,543,432)
Other Income			163,603	108,019	163,603	108,019
Gratuity/Pension payments	293	13.(b) &14	(578,120)	(676,585)	(578,120)	(676,585)
Income Taxes Paid			(3,111,676)	(876,569)	(3,111,676)	(876,569)
Interest paid			(82,855)	(71,331)	(82,855)	(71,331)
Net Cash Flows from Operating Activities		Note A	13,787,673	15,664,206	13,718,442	15,430,542
Cash Flows from Investing Activities						
Investments in/Proceeds from Subsidiaries/Associates			(3,242,000)	-	(3,317,000)	-
Acquisition of Investment Property			(260,619)	(311,201)	(260,619)	(311,201)
Proceeds from sale of Investment Property			450,000	300,000	450,000	300,000
Acquisition of Financial Investments	286	12.(h)	(796,535,865)	(331,770,447)	(796,456,245)	(330,942,767)
Proceeds from Financial Investments	286	12.(h)	789,898,748	314,330,250	789,898,748	313,818,249
Acquisition of Property , Plant & Equipment	257 & 258	7	(331,043)	(383,685)	(315,055)	(358,574)
Proceeds from Disposal of Property , Plant & Equipment			891	9,511	891	7,811
(Acquisition)/Disposal of Intangible Assets	254	6	(139,752)	(36,838)	(139,752)	(36,838)
(Acquisition)/Disposal of Lease Buildings			-	(3,911)	-	-
Interest Income			-	36,144	-	-
REPO borrowings / (settlements) - (net)			-	(506,180)	-	(506,180)
Net Cash Flows from Investing Activities			(10,159,640)	(18,336,356)	(10,139,032)	(18,029,499)
Cash Flows from Financing Activities						
Net Proceeds from short-term borrowing			(3,210,934)	3,188,880	(3,202,054)	3,200,000
Interest Paid			(149)	(665)	-	-
Dividends Paid to Equity holders			(787,501)	(782,500)	(787,501)	(782,500)
Net Cash Flows from Financing Activities			(3,998,584)	2,405,715	(3,989,554)	2,417,500
Increase / (Decrease) in Cash & Cash Equivalents		Note B	(370,551)	(266,437)	(410,144)	(181,458)

				GROUP		COMPANY	
For the Year Ended 31 December		2022	2021	2022	2021	2022	2021
	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Note A.							
Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities							
Profit before tax			10,393,342	9,432,596	9,911,580		8,545,374
Adjustments for:							
Depreciation including Right-to Use Assets	257 & 258	7	382,107	397,943	317,041		326,098
Provision for Gratuity & Pension			545,028	645,217	543,309		642,888
Amortisation of Intangible Assets	254	6	118,551	103,274	118,504		103,228
Loan amortization			11,770	-	11,770		-
Change in Trade and Other Receivables			(4,523,355)	(2,849,244)	(4,578,394)		(2,848,906)
Change in Reinsurance Receivable			(107,646)	(112,161)	(107,646)		(112,161)
Increase in Life Insurance Funds	321	31	13,375,957	11,803,985	13,375,957		11,803,985
Increase in Unit-linked Fund			(63,941)	(10,405)	(63,941)		(10,405)
Increase in Takaful Fund			113	1,276	113		1,276
Increase in Individual Investment Fund (IFS)			40,898	38,007	40,898		38,007
Change in Trade and Other Payables			(2,519,809)	(1,772,019)	(1,831,167)		(964,363)
Change in Reinsurance Payable			161,595	47,158	161,595		47,158
Realised Gains/(Losses)	320	29	(57,960)	(200,376)	(57,960)		(200,402)
Fair value Gain recorded in Income Statement	321	30	(274,403)	(305,593)	(433,421)		(388,079)
Income Tax Paid			(3,111,676)	(876,569)	(3,111,676)		(876,569)
Payment to gratuity and pension funds	293	13.(b) & 14	(582,895)	(678,881)	(578,120)		(676,585)
Net Cash Flows from Operating Activities			13,787,673	15,664,206	13,718,442		15,430,542
Note B.							
Cash and Cash Equivalents at 1st January			(28,347)	238,088	89,953		271,411
Cash and Cash Equivalents at 31st December		Note C	(398,900)	(28,347)	(320,192)		89,953
Increase / (Decrease) in Cash and Cash Equivalents			(370,551)	(266,437)	(410,144)		(181,458)
Note C.							
Cash at Bank and in Hand	305	20	332,261	421,856	405,331		494,350
Bank Overdraft	305	20	(731,161)	(450,203)	(725,523)		(404,397)
			(398,900)	(28,347)	(320,192)		89,953

The above Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements on pages 244 to 353 which form an integral part of the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Entity information

1.1. Reporting Entity

Ceylinco Life Insurance Limited (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 106, Havelock Road, Colombo 05. Additional corporate information is given on the inner back page.

1.2. Nature of Operations and Principal Activities

Descriptions of the nature of operations and principal activities of the Company, its Subsidiaries and Associate are given on page 9. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The parent of Ceylinco Life Insurance Limited is Ceylinco Insurance PLC, which is incorporated and domiciled in Sri Lanka.

Financial Statements

1.3. Consolidated Financial Statements

The Consolidated Financial Statements of Ceylinco Life Insurance Limited, as at and for the year ended 31 December 2022 encompass the Company, its Subsidiaries (together referred to as the 'Group') and the Group's interest in Associates. All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The financial statements of all the companies in the group have a common financial year which ends on 31 December.

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.

1.4. Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of the 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 225.

These Financial Statements include the following components:

- Income Statement and Statement of Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review (refer pages 239 & 240)
- Statement of Financial Position (SOFP) providing the information on the financial position of the Group and the Company as at the year end (refer page 237 & 238).
- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company (refer page 241).

- Statement of Cash Flows providing the information on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows (refer page 242 to 243).
- Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information (refer page 244 to 353).

1.5. Approval of Financial Statements

The Consolidated Financial Statements of Ceylinco Life Insurance Limited and its Subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue by the Directors on 23rd February 2023.

2. BASIS OF ACCOUNTING

2.1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) promulgated by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in compliance with the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and with the requirements of the Companies Act, No. 07 of 2007 and the requirements of the Regulation of Insurance Industry Act, No.43 of 2000, amendments there to, and rules and regulation of the Insurance Regulation Commission of Sri Lanka (IRCSL).

2.2. Basis of Measurement

The Financial Statements, except for information on cash flows, have been prepared on accrual basis under the historical cost convention except for the following:

Item	Basis of Measurement
Land and buildings - LKAS 16	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation
Investment property - LKAS 40	Fair value
Financial assets at fair value through profit or loss and available-for-sale financial assets - LKAS 39	Fair value
Policyholder liabilities - SLFRS 4	Actuarial valuation
Net defined benefit assets or liabilities - LKAS 19	Actuarial valuation

2.3. Functional and Presentation Currency

Items included in the Financial Statements of the company are measured using the currency of the primary economic environment in which the company operates (the Functional Currency). These Financial Statements are presented in Sri Lankan Rupees (LKR), which is the company's Functional and Presentation Currency. There was no change in the Company's Presentation and Functional Currency during the year under review.

All amounts presented in rupees have been rounded to the nearest rupees thousand (Rs'000), except when otherwise indicated.

2.4. Materiality and Aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted LKAS 1 - "Presentation of Financial Statements".

2.5. Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenditures are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standard and as specially disclosed in the Significant Accounting Policies of the Group.

2.6. Going Concern

As the pandemic outspreads, the extended safety measures implemented to mitigate the pandemic's spread have made several impacts to the operational and financial aspects of the group. As a result of these measures including travel restrictions imposed by the government, the operations of the Group were temporarily disrupted few times during the year. However, the Group has successfully continued its smooth operations regardless these temporary destructions. The Group is confident that it did not have any significant impact to its financial position or liquidity.

In preparing Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern. The Management has assessed the anticipated implications of possible travel restrictions, low economic growth, increasing foreign currency crisis, import restriction, changes in government physical and monetary policies

and movements of equity and money market on the Group and the Company. Sound business continuity plans which already in place and the prudent investment strategy have minimized the impact came with this pandemic.

The Directors have made an assessment of the Company's and the Group's ability to continue as a going concern and is satisfied about the ability to continue in business for the foreseeable future. Furthermore, management has concluded that the range of possible outcomes considered in arriving at this judgement including impacts from COVID-19 pandemic does not give rise to material uncertainties related to the events or conditions that may cast significant doubt on the Group's or the Company's ability continue as going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.7. Comparative Information

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 year have been amended, where relevant for better presentation and to be comparable with those of the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Policies disclosed within individual notes

A summary of significant accounting policies have been disclosed along with the relevant individual notes to the Financial Statements. The accounting policies presented within

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

each note have been applied consistently by the Company.

Policies not covered with individual notes

Following accounting policies which have been applied consistently by the company, are considered to be significant but are not covered with individual notes.

(a) Insurance Receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration 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 Statement of the Comprehensive Income.

Insurance receivables are de-recognised when the de-recognition criteria for financial assets have been satisfied.

(b) Cash Flow Statement

The Statements of Cash Flows has been prepared using 'Direct Method' and cash flows from Operating Activities are shown using 'Indirect Method' with the purpose of better comparison. Interest paid is classified as an operating cash flow except interest paid on REPO borrowings. Dividend and interest income are classified as operating cash flows. Dividends paid are classified as financing cash flows. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

4. USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards

(SLFRS and LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for 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 recognized prospectively. Information about significant areas of estimation under 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 REFERENCE	
	Note	Page
Insurance Provision - Life	22	309
Revaluation of Property, Plant & Equipment	7.(a)	258
Valuation of Investment Property	9.(a)	269
Measurement of Defined Benefit Obligation	13 and 14	292
Fair Value Measurement of Financial Instruments	12.(g)	284
Income Tax (Current Tax and Deferred Tax)	16	298

Impact of COVID-19 Pandemic

The outspread of pandemic, government policy decisions along with economic and market conditions have increased the uncertainty of estimate made in preparation of the financial statements. Management is aware and considered such circumstances when reviewing the estimates and underlying judgements. The estimation uncertainties are associated with:

- the extend and the duration of the disruption to the business operations created from spread of the virus and measures taken by the health authorities
- the effectiveness of the action taken by the government and the Central Bank of Sri Lanka (CBSL) to minimize the disruption to the businesses
- the extend and the duration of expected economic downturn, drying foreign reserves and depreciation of LKR against foreign currencies, impact to capital and money market and other macro-economic factors such as GDP growth rate, unemployment and international trade restriction
- the extent of which the economic downturn & higher inflation affect to purchasing power of the customers and the consumer behavior

The impacts of the COVID-19 pandemic on accounting estimates are discussed further under the relevant notes to these financial statements wherever applicable.

5. SEGMENT INFORMATION

ACCOUNTING POLICY

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, 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into business units based on their products and services and has following reportable operating segments as follows in accordance with SLFRS 8 - Operating Segments.

Reportable operating segment	Class of information	Explanation
Life Insurance	Nature of business	Ceylinco Life Insurance Limited offers a wide range of long term life insurance products that belong to Life insurance, Retirement plans, medical plans with and without discretionary Participating features. The products are available to purchase online as well.
	Products offered	Whole life, endowment, anticipated endowment, term insurance, mortgage protection, retirement and group insurance products.
	Revenue driver	Insurance premium and fees charged from policyholders, Reinsurance Commission Income, Investment Income and Fair Value Gains on Investments and other operating revenue.
Healthcare segment	Nature of business	Ceylinco Healthcare Services Ltd. specializes in detection and treatment of cancer.
	Products offered	Cancer screening and radiation treatments
	Revenue driver	Fee income from treatments, medical tests, registration fees net of discounts.
Retirement resort	Nature of business	Serene Resorts Ltd. caters to both active retirees and those who need assistance while facilitating them with premium living standards.
	Products offered	Elderly care
	Revenue driver	Resident income from occupants

Transactions between operating segments are carried out on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results include transfers between business segments which will then be eliminated on consolidation.

Geographical information

The activities of the Group are limited to Sri Lanka. Consequently, the economic environment in which the Group operates is not subject to risks and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

Major Customers

The company does not have any major customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.(a) Segment Income Statement

For the Year Ended 31 December 2022	Life Insurance	Healthcare	Retirement Resort	Adjustments and Eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Premiums	29,160,164	-	-	(274)	29,159,891
Premiums Ceded to Reinsurers	(472,197)	-	-	-	(472,197)
Net Premiums	28,687,967	-	-	(274)	28,687,694
Revenue from Subsidiaries	-	300,250	37,635	-	337,885
Fees and Commission Income	205,977	-	-	-	205,977
Investment Income	19,323,140	112,807	79,747	(82,750)	19,432,944
Realised Gains/(Losses)	57,960	-	-	-	57,960
Fair Value Gains/(Losses)	433,421	4,381	-	(163,400)	274,403
Other Operating Revenue	50,739	20,302	934	(49)	71,926
Other Revenue	20,071,237	437,740	118,316	(246,199)	20,381,095
Segment Revenue	48,759,205	437,740	118,316	(246,472)	49,068,789
Gross Benefits and Claims Paid	(19,187,615)	-	-	-	(19,187,615)
Claims Ceded to Reinsurers	218,349	-	-	-	218,349
Gross Change in Contract Liabilities	(13,375,957)	-	-	-	(13,375,957)
Net Benefits and Claims	(32,345,223)	-	-	-	(32,345,223)
Direct Cost of Subsidiaries	-	(233,374)	(21,865)	-	(255,239)
Acquisition Cost	(2,097,314)	-	-	-	(2,097,314)
Other Operating and Administrative Expenses	(4,300,705)	(117,653)	(37,464)	(8,749)	(4,464,572)
Finance Costs	(104,382)	-	(1,060)	821	(104,621)
Other Expenses	(6,502,402)	(351,027)	(60,389)	(7,928)	(6,921,745)
Segment Benefits, Claims and Other Expenses	(38,847,624)	(351,027)	(60,389)	(7,928)	(39,266,968)
Share of Profit of Associates	-	-	-	591,521	591,521
Segment Results	9,911,580	86,713	57,927	337,121	10,393,342

For the Year Ended 31 December 2021	Life Insurance	Healthcare	Retirement Resort	Adjustments and Eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Premiums	25,565,050	-	-	(237)	25,564,813
Premiums Ceded to Reinsurers	(308,499)	-	-	-	(308,499)
Net Premiums	25,256,552	-	-	(237)	25,256,315
Revenue from Subsidiaries	-	353,180	16,209	(4,688)	364,701
Fees and Commission Income	197,885	-	-	-	197,885
Investment Income	14,314,783	28,976	23,341	(168,046)	14,199,055
Realised Gains/(Losses)	200,402	(27)	-	-	200,376
Fair Value Gains/(Losses)	388,079	5,715	-	(88,200)	305,593
Other Operating Revenue	27,990	2,722	437	-	31,150
Other Revenue	15,129,139	390,566	39,988	(260,933)	15,298,760

For the Year Ended 31 December 2021	Life Insurance	Healthcare	Retirement Resort	Adjustments and Eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segment Revenue	40,385,691	390,566	39,988	(261,170)	40,555,075
Gross Benefits and Claims Paid	(12,927,237)	-	-	-	(12,927,237)
Claims Ceded to Reinsurers	190,929	-	-	-	190,929
Gross Change in Contract Liabilities	(11,803,985)	-	-	-	(11,803,985)
Net Benefits and Claims	(24,540,294)	-	-	-	(24,540,294)
Direct Cost of Subsidiaries		(132,243)	(11,167)	-	(143,410)
Acquisition Cost	(2,369,754)		-	-	(2,369,754)
Other Operating and Administrative Expenses	(4,836,630)	(182,081)	(23,832)	(1,453)	(5,043,996)
Finance Costs	(93,640)	-	(537)	439	(93,738)
Other Expenses	(7,300,024)	(314,324)	(35,536)	(1,014)	(7,650,898)
Segment Benefits, Claims and Other Expenses	(31,840,317)	(314,324)	(35,536)	(1,014)	(32,191,191)
Share of Profit of Associates	-	-	-	1,068,712	1,068,712
Segment Results	8,545,374	76,242	4,452	806,528	9,432,596

5.(b) Segment Statement of Financial Position

As at 31 December 2022	Life Insurance	Healthcare	Retirement Resort	Adjustments and Eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Intangible Assets	317,695	113	-	-	317,809
Property, Plant & Equipment	11,835,209	563,958	21,842	2,781,812	15,202,820
Right-of-use Asset	195,813	-	11,508	(9,574)	197,747
Investment Property	4,268,230	-	-	(2,979,499)	1,288,731
Investment in Associates	2,641,672	-	-	4,305,176	6,946,848
Investment in Subsidiaries	1,211,000	-	-	(1,211,000)	-
Financial Instruments	157,785,413	778,390	501,246	16,069	159,081,118
Reinsurance Assets	499,817	-	-	-	499,817
Loans to Policyholders	2,703,623	-	-	-	2,703,623
Premium Receivables	368,089	-	-	-	368,089
Other Assets	9,705,378	15,979	5,966	167,960	9,895,284
Total Assets	191,531,939	1,358,440	540,563	3,070,944	196,501,886
Insurance Contract Liabilities	135,549,176	-	-	2,380	135,551,556
Other Liabilities	6,583,751	139,025	40,862	482,791	7,246,429
Total Liabilities	142,132,927	139,025	40,862	485,171	142,797,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2022	Life Insurance	Healthcare	Retirement Resort	Adjustments and Eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Intangible Assets	296,448	160	-	-	296,607
Property, Plant & Equipment	10,177,018	621,060	13,819	2,618,419	13,430,315
Right-of-use Asset	238,137	-	2,177	(10,159)	230,155
Investment Property	4,045,700	-	-	(2,816,100)	1,229,600
Investment in Associates	807,672	-	-	4,218,038	5,025,710
Investment in Subsidiaries	1,136,000	-	-	(1,136,000)	-
Financial Instruments	148,465,748	655,020	436,990	16,071	149,573,829
Reinsurance Assets	392,170	-	-	-	392,170
Loans to Policyholders	1,561,981	-	-	-	1,561,981
Premium Receivables	336,496	-	-	-	336,496
Other Assets	6,305,586	18,465	12,734	168,014	6,504,800
Total Assets	173,762,956	1,294,706	465,719	3,058,283	178,581,662
Insurance Contract Liabilities	120,321,047	-	-	2,380	120,323,427
Other Liabilities	9,247,878	152,638	13,293	481,589	9,895,398
Total Liabilities	129,568,924	152,638	13,293	483,969	130,218,825

5.(c) Segment Statement of Cash Flows

For the Year Ended 31 December 2022	Life Insurance	Healthcare	Retirement Resort	Adjustments and Eliminations	Group
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash Flows from Operating Activities	13,718,442	55,593	13,636	-	13,787,673
Cash Flows from Investing Activities	(10,139,032)	(6,256)	(14,352)	-	(10,159,640)
Cash Flows from Financing Activities	(3,989,554)	(9,029)	-	-	(3,998,584)
Increase/(Decrease) in Cash & Cash Equivalents	(410,144)	40,308	(716)	-	(370,552)
Cash and Cash Equivalents at 1st January	89,953	(43,210)	(90)	(75,000)	(28,347)
Cash and Cash Equivalents at 31st December	Note A (320,192)	(2,902)	(807)	(75,000)	(398,900)
Increase/(Decrease) in Cash and Cash Equivalents	(410,144)	40,308	(716)	-	(370,552)
Note A					
Cash at Bank and in Hand	405,331	1,740	189	(75,000)	332,261
Bank Overdraft	(725,523)	(4,642)	(996)	-	(731,161)
	(320,192)	(2,902)	(807)	(75,000)	(398,900)

For the Year Ending 31 December 2021	Page	Notes	Life	Healthcare	Retirement	Adjustments	Group
			Insurance		Resort	and	
			Rs.'000	Rs.'000	Rs.'000	Eliminations	Rs.'000
Net Cash Flows from Operating Activities			15,430,542	127,188	71,347	35,128	15,664,206
Net Cash Flows from Investing Activities			(18,029,499)	(125,223)	(71,506)	(110,129)	(18,336,356)
Net Cash Flows from Financing Activities			2,417,500	(11,785)	-	-	2,405,715
Increase/(Decrease) in Cash & Cash Equivalents			(181,458)	(9,820)	(158)	(75,001)	(266,436)
Cash and Cash Equivalents at 1st January			271,411	(33,390)	68	-	238,090
Cash and Cash Equivalents at 31st December		Note A	89,954	(43,210)	(90)	(75,000)	(28,347)
Increase/(Decrease) in Cash and Cash Equivalents			(181,458)	(9,820)	(158)	(75,000)	(266,436)
Note A							
Cash at Bank and in Hand			494,350	2,452	54	(75,000)	421,856
Bank Overdraft			(404,397)	(45,662)	(145)	-	(450,203)
			89,954	(43,210)	(90)	(75,000)	(28,347)

5.(d) Disclosure under Paragraph 23 (a - i) of SLFRS 08

As at 31st December	2022			2021		
	Life Insurance	Healthcare	Retirement Resort	Life Insurance	Healthcare	Retirement Resort
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from Other Segments	(274)	138	135	(237)	115	122
Revenue from External Customers	29,159,891	-	-	25,565,050	-	-
Interest Income	19,323,140	112,807	79,747	14,314,783	28,976	23,341
Interest Expenses Recognized on Lease Creditors	(21,527)	-	(821)	(22,309)	-	(439)
Depreciation of Property, Plant and Equipment	(236,037)	(57,326)	(11,228)	(236,037)	(55,340)	(7,669)
Amortisation of Intangible Assets	(118,504)	(46)	-	(103,228)	(46)	-
Depreciation of Right of Use Assets	(81,003)	-	(2,902)	(80,553)	-	(3,353)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.(e) Disclosure under Paragraph 24 (a & b) of SLFRS 08

As at 31st December	2022			2021		
	Life Insurance	Healthcare	Retirement Resort	Life Insurance	Healthcare	Retirement Resort
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Additions to Property, Plant and Equipment	326,334	224	15,764	473,507	19,989	5,123
Additions to Intangible Assets	139,752	-	-	36,838	-	-
Investment in Associates	2,641,672	-	-	-	-	-

5.(f) Summarised information of Significant Subsidiaries

Summarised Income Statement

	CEYLINCO HEALTHCARE SERVICES LIMITED	
	2022	2021
	Rs.'000	Rs.'000
Revenue	300,250	353,180
Cost of Sales	(233,374)	(182,362)
Other Income	20,302	4,854
Administrative Expenses	(109,456)	(120,904)
Selling & Distribution Expenses	(8,197)	(11,058)
Finance Income/ (Cost)	112,956	27,482
Change in Fair Value of FVTPL Assets	-	5,715
Profit Before Tax	86,713	76,242

Summarised Statement of Financial Position

	2022		2021	
	Rs.'000		Rs.'000	
Current Assets	794,369	673,486		
Non-Current Assets	564,071	621,220		
Total Assets	1,358,440	1,294,706		
Current Liabilities	49,795	69,830		
Non-Current Liabilities	89,230	82,809		
Equity	1,219,415	1,142,067		
Total Equity and Liabilities	1,358,440	1,294,706		

Summarised Statement of Cash Flows

	2022		2021	
	Rs.'000		Rs.'000	
Operating Cash Flows	55,595	127,187		
Investing Cash Flows	(6,256)	(125,223)		
Financing Cash Flows	(9,029)	(11,785)		
Net Increase/(Decrease) In cash and cash equivalents	40,310	(9,820)		
Cash and Cash Equivalent at the Beginning of the Year	(43,210)	(33,389)		
Cash and Cash Equivalent at the End of the Year	(2,900)	(43,210)		

6. INTANGIBLE ASSETS

ACCOUNTING POLICY

The Group's Intangible Assets include the value of Computer Software.

Initial Recognition and measurement

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably in accordance with LKAS 38 - Intangible Assets. An intangible asset is initially measured at cost. The cost of intangible assets acquired in a business combination is the 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. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets with finite useful lives

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 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.

Useful economic life and amortization

Intangible Assets	Useful economic life	Residual value	Amortization method
Computer software	3-5 years	Nil	Straight line basis

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at cash generating unit level, irrespective of whether there is an indication of impairment. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The Group or the Company did not have intangible assets with indefinite useful life during the year under review.

Derecognition

The carrying amount of an intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use. Gain or loss arising from de-recognition of an intangible asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset as at the date of disposal, and is recognised in Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of carrying amounts of intangible assets

	Page	Note	GROUP		COMPANY	
			Computer Software & License Rs.'000	Total Rs.'000	Computer Software & License Rs.'000	Total Rs.'000
Cost						
As at 1 January 2021			814,373	814,373	802,670	802,670
Additions			36,838	36,838	36,838	36,838
Transfers			-	-	-	-
As at 1 January 2022			851,211	851,211	839,508	839,508
Additions			139,790	139,790	139,752	139,752
As at 31 December 2022			991,001	991,001	979,260	979,260
Accumulated Amortisation and Impairment						
As at 1 January 2021			451,329	451,329	439,832	439,832
Amortisation	322	33	103,274	103,274	103,228	103,228
As at 1 January 2022			554,603	554,603	543,060	543,060
Amortisation Adjustment			38	38		
Amortisation	322	33	118,550	118,550	118,504	118,504
As at 31 December 2022			673,191	673,191	661,564	661,564
Carrying amount						
As at 1 January 2021			363,044	363,044	362,838	362,838
As at 1 January 2022			296,607	296,607	296,448	296,448
As at 31 December 2022			317,810	317,810	317,695	317,695

6.(a) Acquisition of Intangible Assets during the year

During the year, the Group/Company acquired intangible assets amounting to Rs. 139 Million (2021- Rs. 36.84 Million).

6.(b) Fully Amortised Intangible Assets in use

Group/Company

During the year Group/company include fully amortized Computer software which is in the use of normal business activities amounting to Rs. 330.48 Million. (2021 - Rs. 330.48 Million).

6.(c) Title Restriction on Intangible Assets

There were no restrictions on the title of the Intangible Assets of the Group/Company as at the reporting date.

6.(d) Assessment of impairment of Intangible Assets

The Group has assessed potential impairment indicators of intangible assets as at 31st December 2022. Based on the assessment, no impairment indicators were identified.

6.(e) Capitalisation of Borrowing Costs

There were no capitalised borrowing costs related to the acquisition of Intangible Assets during the year. (2021 - Nil)

6.(f) Research and development costs

Expenditure on research activities is recognised in Profit or Loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in Profit or Loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

7. PROPERTY, PLANT AND EQUIPMENT**ACCOUNTING POLICY**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably in accordance with "LKAS 16 - Property, Plant and Equipment".

Measurement after Recognition

Items of property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses.

Cost Model

The Group applies the cost model to Property, Plant and Equipment except for freehold land and buildings and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

Revaluation is performed on freehold land and buildings by professionally qualified valuers using the open market value. Land and buildings are revalued with sufficient regularity so that the carrying value does not differ materially from the fair value at the reporting date. The revaluation surplus is recognised on the net carrying value of the asset. Any revaluation gain or loss attributable to policyholders is recognised in the Life Insurance Fund, whereas any revaluation gain or loss attributable to shareholders is recognised in the revaluation reserve.

Initial Measurement

Items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition or construction 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 assets to a working condition for their 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 construction of qualifying assets are also 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.

Replacement Cost

The cost of replacing a component 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 de-recognised. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in Profit or Loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Repairs and Maintenance

Repairs and maintenance are charged to Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Depreciation

Depreciation is recognised in profit or loss 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 ceased to depreciate from the month of disposal. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives for property, plant and equipment are as follows:

Item	2022	2021
	USEFUL LIFE	
Buildings	50-70 years	50-70 years
Furniture and fittings	5-10 years	5-10 years
Office equipment	3-10 years	3-10 years
Computer equipment	2-5 years	2-5 years
Motor vehicles	4-5 years	4-5 years
Plant and machinery - Medical equipment	5 years	5 years
Plant and machinery - Electrical equipment	5 years	5 years
Plant and machinery - Other	4-33 years	4-33 years

Reclassification to Investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income (OCI) and presented in the revaluation reserve. Any loss is recognised in profit or loss.

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset 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 profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

For assets excluding goodwill, 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.

The impairment analysis is principally based on discounted estimated cash flows from the use and eventual disposal of the assets. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates could lead to impairment.

Capital work-in-progress

Capital work-in-progress is stated at cost. Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work in progress, whilst the capital assets completed during the year and available for use are transferred to property, plant and equipment.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset as per LKAS 23 - Borrowing Costs. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Capitalisation ceases when all the activities necessary to prepare the qualifying asset for its intended use are substantially completed. Other borrowing costs are recognized in profit or loss as incurred.

Derecognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year the asset is de-recognised. When a previously revalued asset is de-recognised, the revaluation reserve pertaining to such asset is transferred to retained earnings.

Movement of Property, Plant and Equipment (PPE) - Group

	Page	Note	Freehold Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Office Equipment Rs.'000	Computer Equipment Rs.'000	Furniture & Fittings Rs.'000	Capital WIP Rs.'000	Total Rs.'000
As at Cost/Valuation											
As at 1 January 2021			7,049,700	3,685,580	978,589	834,640	791,108	608,674	401,557	119,177	14,469,023
Additions			51,002	202,366	20,680	28,940	73,169	38,265	14,468	69,728	498,619
Revaluation			730,200	128,534	-	-	-	-	-	-	858,734
Disposals			-	-	(4,266)	(13,383)	(2,093)	(85)	(2,012)	-	(21,838)
Assets written-off			-	-	-	(52,005)	(26,838)	(48,111)	(27,063)	-	(154,017)
Transfers			-	-	-	-	4	-	(4)	(114,933)	(114,933)
As at 1 January 2022			7,830,902	4,016,480	995,003	798,192	835,350	598,743	386,946	73,972	15,535,588
Additions			51,720	18,057	-	60,926	35,115	44,842	6,267	125,395	342,322
Revaluation			1,035,878	645,863	-	-	-	-	-	-	1,681,741
Disposals			-	-	-	(4,059)	(1,120)	(53)	(735)	-	(5,968)
Assets written-off			-	-	-	(4,250)	(44,066)	(127,602)	(14,808)	-	(190,725)
Transfers			-	14,043	-	-	(10,918)	1,775	(12,844)	(14,693)	(22,638)
As at 31 December 2022			8,918,500	4,694,443	995,003	850,809	814,361	517,705	364,826	184,674	17,340,320
Accumulated Depreciation											
As at 1 January 2021			-	26,587	353,468	317,516	485,773	487,937	315,354	-	1,986,634
Depreciation	322	33	-	67,905	50,753	90,996	48,419	41,536	17,780	-	317,389
Disposals			-	-	(2,539)	(43,836)	(28,574)	(28,336)	(27,559)	-	(130,844)
Revaluation			-	(67,905)	-	-	-	-	-	-	(67,905)
As at 1 January 2022			-	26,587	401,682	364,676	505,618	501,137	305,575	-	2,105,274
Depreciation	322	33	-	73,773	52,220	84,548	49,807	35,539	17,839	-	313,727
Disposals			-	(80)	-	(2,990)	(53,254)	(126,152)	(25,648)	-	(208,124)
Transfers			-	75,342	-	-	-	-	-	(75,342)	-
Revaluation			-	(73,375)	-	-	-	-	-	-	(73,375)
As at 31 December 2022			-	102,247	453,902	446,234	502,171	410,524	297,766	(75,342)	2,137,502
Carrying Amount											
As at 1 January 2021			7,049,700	3,658,993	625,121	517,124	305,335	120,737	86,203	119,177	12,482,390
As at 1 January 2022			7,830,902	3,989,893	593,321	433,516	329,733	97,608	81,370	73,973	13,430,315
As at 31 December 2022			8,918,500	4,592,196	541,100	404,575	312,190	107,181	67,060	260,016	15,202,819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movement of Property, Plant and Equipment (PPE) - Company

	Page	Note	Freehold Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Office Equipment Rs.'000	Computer Equipment Rs.'000	Furniture & Fittings Rs.'000	Capital WIP Rs.'000	Total Rs.'000
At Cost/Valuation											
As at 1 January 2021			5,646,300	2,533,601	-	834,640	720,887	589,209	321,529	116,298	10,762,463
Additions			51,002	202,366	-	28,940	72,699	38,201	10,571	69,728	473,507
Revaluation			663,800	106,734	-	-	-	-	-	-	770,534
Disposals			-	-	-	(13,383)	(2,093)	(85)	(2,012)	-	(17,572)
Assets written-off			-	-	-	(52,005)	(26,838)	(48,111)	(27,063)	-	(154,017)
Transfers			-	-	-	-	4	-	(4)	(114,933)	(114,933)
As at 1 January 2022			6,361,102	2,842,701	-	798,192	764,659	579,214	303,021	71,093	11,719,982
Additions			51,720	18,057	-	60,926	28,012	44,598	931	122,091	326,334
Revaluation			926,678	591,662	-	-	-	-	-	-	1,518,340
Disposals			-	-	-	(4,059)	(1,120)	(53)	(735)	-	(5,968)
Assets written-off			-	-	-	(4,250)	(44,066)	(127,602)	(14,808)	-	(190,725)
Transfers			-	14,043	-	-	(10,918)	1,775	(12,844)	(14,693)	(22,638)
As at 31 December 2022			7,339,500	3,466,463	-	850,809	736,567	497,932	275,565	178,491	13,345,325
Accumulated Depreciation											
As at 1 January 2021			-	-	-	317,515	455,134	472,497	236,743	-	1,481,889
Depreciation	322	33	-	56,165	-	90,996	44,036	39,762	14,584	-	245,543
Disposals			-	-	-	(43,836)	(28,574)	(28,336)	(27,558)	-	(128,304)
Revaluation			-	(56,165)	-	-	-	-	-	-	(56,165)
As at 1 January 2022			-	-	-	364,675	470,596	483,923	223,769	-	1,542,963
Depreciation	322	33	-	60,832	-	84,548	43,201	33,881	13,576	-	236,037
Disposals/Assets written-off			-	-	-	(2,990)	(53,254)	(126,159)	(25,648)	-	(208,051)
Revaluation			-	(60,832)	-	-	-	-	-	-	(60,832)
As at 31 December 2022			-	-	-	446,233	460,543	391,645	211,697	-	1,510,117
Carrying Amount											
As at 1 January 2021			5,646,300	2,533,601	-	517,125	265,752	116,711	84,786	116,298	9,280,573
As at 1 January 2022			6,361,102	2,842,701	-	433,517	294,063	95,291	79,252	71,093	10,177,019
As at 31 December 2022			7,339,500	3,466,463	-	404,576	276,024	106,287	63,868	178,491	11,835,209

7.(a) Valuation of Freehold Land and Buildings

The Company performed the valuation as of 31 December 2022 for the freehold land and buildings and significant changes in the market value of the properties as of reporting date have been recognized in revaluation reserve.

As at 31 December 2022, the fair values of the freehold land and buildings are based on valuations performed by an accredited independent valuer, Mr. Chandrasena Weerasinghe.

The effective date of valuation of the freehold land and buildings is 31 December 2022.

Valuation models used for valuation include Cost Basis method, Investment Method and Comparison Method and are in compliance with SLFRS/LKAS and also in accordance with the 8th Edition of International Valuation Standards recommended by the International Valuation Standards Committee.

There were no transfers between Levels 1, 2 or 3 during the year.

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;

Valuation Technique	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
<p>Market Comparable Method</p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.</p>	<p>Price per perch for Land</p> <p>Price per Square feet for Building</p>	<p>Estimated fair value would increase/(decrease) if;</p> <p>Price per perch increases/(decreases)</p> <p>Price per square foot increases/(decreases)</p> <p>Depreciation rate for building(decreases)/increases</p>
<p>Contractor's Test method</p> <p>The Contractor's method is a cost method of valuation, and can sometimes be used when comparative, profits or investments methods cannot be used.</p>	<p>Price per perch for Land</p> <p>Price per Square feet for Building</p>	<p>Estimated fair value would increase/(decrease) if;</p> <p>Price per perch increases/(decreases)</p> <p>Price per square foot increases/(decreases)</p> <p>Depreciation rate for building (decreases)/increases</p>
<p>Replacement method</p> <p>Replacement value method takes into account 'the amount required to replace the existing property' as the valuation of the property</p>	<p>Price per perch for Land</p> <p>Price per Square feet for Building</p>	<p>Estimated fair value would increase/(decrease) if;</p> <p>Price per perch increases/(decreases)</p> <p>Price per square foot increases/(decreases)</p> <p>Depreciation rate for building (decreases)/increases</p>
<p>Investment Method</p> <p>This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.</p>	<p>Gross Monthly Rental Years</p>	<p>Estimated fair value would increase (decrease) if;</p> <p>Price per perch increases (decreases)</p> <p>Price per square foot increases (decreases)</p> <p>Depreciation rate for building (decreases)/increases</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.(b) Acquisition of Property, Plant and Equipment's during the year

Group

During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 342.3 million (2021-Rs. 449 million-). Cash payments amounting to Rs. 331 million (2021 - Rs. 389 million) were made for the purchase of Property, Plant and Equipment.

Company

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 326.34 million (2021 - Rs. 473.5 million). - Cash payments amounting to Rs. 315.1 million (2021 - Rs. 358.57 million) were made during the year for purchase of Property, Plant and Equipment.

7.(c) Capital Commitments and Assets Pledged

The Company has committed to pay an amount of Rs.145,734,228/- (2021 - Rs.155,763,693/-) as at the reporting date under contracts entered into on Capital expenditure projects.

7.(d) Title Restrictions on Property, Plant and Equipment

There are no restrictions on the title of the Property, Plant and Equipment of the Group and Company as at the reporting date.

7.(e) Temporarily Idle Property, Plant and Equipment

There are no temporarily idle Property, Plant and Equipment as at year ended 31 December 2022.

7.(f) Assessment of Impairment

The Group has assessed the potential Impairment indicators of Property, Plant and Equipment as at 31 December 2022. Based on the assessment conducted, no impairment indicators were identified, and accordingly it was concluded that no impairment is necessary for any of the Group's Property, Plant and Equipment as at the reporting date.

7.(g) Capitalization of Borrowing Costs

There are no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year. (2021 Nil)

7.(h) Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated property, plant and equipment still in use as at reporting date is as follows;

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Plant and Machinery	121,488	122,151	-	-
Computer Equipment	320,059	409,097	307,859	397,010
Office Equipment	280,078	280,340	269,134	269,411
Furniture and Fittings	223,768	232,515	140,508	165,624
Motor Vehicles	228,466	151,272	228,466	151,272
Total	1,173,859	1,195,375	945,967	983,317

7.(i) Details of Freehold Land & Buildings of Company

Company

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	2022			Date of the Valuation
						Value of Land Rs.'000	Value of Building Rs.'000	Cost/ Revaluation Rs.'000	
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. 4,000,000 Rs. 12,000	60,000	126,000	186,000	31/12/22
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. 10,000	63,000	74,000	137,000	31/12/22
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. 4,000,000 Rs. 9,950	202,000	170,000	372,000	31/12/22
No.144, Hambanthota Road, Kachcheriyagama, Tissamaharama	8,130	A-0-R-1-P- 00.00	Replacement Cost Method	Price per perch Price per Sq ft	Rs. 700,000 - 2,200,000 Rs. 10,000	58,000	65,000	123,000	31/12/22
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. 2,500,000 Rs. 7,500	89,000	14,000	103,000	31/12/22
No .45,Dharmapala Mawatha, Rathnapura (New Building)	8,102	-	Contractor's Test Method	Price per Sq ft	Rs. 15,000	-	109,000	109,000	31/12/22
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. 4,500,000 Rs. 15,000	198,500	93,500	292,000	31/12/22
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. 2,800,000 Rs. 13,000	91,000	125,000	216,000	31/12/22
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. 1,750,000 Rs. 12,000	29,000	94,000	123,000	31/12/22
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. 18,000,000 Rs. 16,000	635,000	788,000	1,423,000	31/12/22
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. 1,000,000 Rs. 10,000	27,000	52,000	79,000	31/12/22
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. 1,400,000 Rs. 11,000	52,000	76,000	128,000	31/12/22
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. 6,000,000 Rs. 13,500	195,000	108,000	303,000	31/12/22
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. 3,500,000 Rs. 12,000	54,000	116,000	170,000	31/12/22
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.700,000 - 1,600,000 Rs. 10,000	34,000	80,000	114,000	31/12/22
No.509, 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. 4,000,000 Rs.1,125 - 2,000	158,000	11,000	169,000	31/12/22
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. 3,000,000 Rs. 1,700	143,000	7,000	150,000	31/12/22
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. 2,200,000 Rs. 11,000	52,000	118,000	170,000	31/12/22
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. 18,000,000 Rs. 7,500	1,210,000	10,000	1,220,000	31/12/22

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Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	2022			Date of the Valuation
						Value of Land Rs.'000	Value of Building Rs.'000	Cost/ Revaluation Rs.'000	
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. 1,250,000 Rs. 12,500	75,000	127,000	202,000	31/12/22
No.38,38/B Rajapilla Road, Kurunegala	-	A-0-R-0-P-23.93	Market Comparable Method	Price per perch	Rs. 3,500,000	83,000	-	83,000	31/12/22
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. 4,200,000 Rs. 8,500	215,000	85,000	300,000	31/12/22
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	1,303,000	122,000	1,425,000	31/12/22
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. 6,500,000 Rs. 6,500	340,500	21,000	361,500	31/12/22
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. 3,600,000 Rs. 13,500	91,000	73,000	164,000	31/12/22
No.65, King Street, Kandy	14,650	A-0-R-1-P-1.25	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 10,000,000 Rs. 8,000	411,000	76,000	487,000	31/12/22
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. 7,500,000 Rs. 9,000	198,000	32,000	230,000	31/12/22
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. 4,000,000 Rs. 7,600	95,000	17,000	112,000	31/12/22
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. 1,800,000 Rs. 12,500	39,000	73,925	112,925	31/12/22
No.26 Gammedda Road, Jaela	-	A-0-R-0-P-32	Market Comparable Method	Price per perch	Rs. 2,000,000	64,000	-	64,000	31/12/22
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. 3,500,000 Rs. 12,500	88,000	71,038	159,038	31/12/22
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. 3,000 - 10,000	430,000	42,000	472,000	31/12/22
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. 4,500,000 Rs. 15,000	130,000	84,000	214,000	31/12/22
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. 750,000 Rs. 12,000	33,000	113,000	146,000	31/12/22
Mirigama Road, Wewagedara, Divulapitiya.	5,229	A-0-R-0-P-40	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,000,000 Rs. 12,500	40,000	65,000	105,000	31/12/22
No.301/A, Point Pedro Road, Nelliyaddy		A-0-R-1-P-13.78	Contractor's Test Method	Price per perch	Rs. 350,000	18,000	-	18,000	31/12/22
No. 37,39 & 41, Kannarthiddy Road, Jaffna (Jaffna New Building)	13,710		Contractor's Test Method	Price per Sq ft	Rs. 10,200		133,000	133,000	31/12/22
No.746/1/1, Trincomalee Street, Madandawela, Matale		A-0-R-0-P-31	Contractor's Test Method	Price per perch	Rs. 2,500,000	77,500		77,500	31/12/22
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. 4,000,000 Rs. 13,000	150,000	95,000	245,000	31/12/22

2022									
Addresses	Building	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Building	Cost/ Revaluation	Date of the Valuation
	Sq. Ft.					Rs.'000	Rs.'000	Rs.'000	
No.101, Veyangoda Road, Minuwangoda		A-0-R-0-P-37.23	Contractor's Test Method	Price per perch	Rs. 1,500,000	55,000		55,000	31/12/22
No 143, Neboda Road, Matugama		A-0-R-1-P-2.74	Market Comparable Method	Price per perch	Rs. 1,250,000	53,000.00		53,000.00	31/12/22
Total						7,339,500	3,466,463	10,805,963	
2021									
Addresses	Building	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Building	Cost/ Revaluation	Date of the Valuation
	Sq. Ft.					Rs.'000	Rs.'000	Rs.'000	
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. 3,500,000 Rs. 10,000	52,500	105,350	157,850	31/12/21
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. 4,000,000 Rs. 7,800	60,000	57,700	117,700	31/12/21
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. 3,000,000 Rs. 7,500	152,000	128,000	280,000	31/12/21
No.144, Hambanthota Road, Kachcheriyagama, Tissamaharama	8,130	A-0-R-1-P-00.00	Replacement Cost Method	Price per perch Price per Sq ft	Rs.650,000 - 2,050,000 Rs. 9,000	54,000	62,200	116,200	31/12/21
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. 2,400,000 Rs. 5,500	85,200	11,250	96,450	31/12/21
No .45,Dharmapala Mawatha, Rathnapura (New Building)	8,102	-	Contractor's Test Method	Price per Sq ft	Rs. 10,000	-	77,000	77,000	31/12/21
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. 4,200,000 Rs. 10,000	185,300	65,800	251,100	31/12/21
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. 2,500,000 Rs. 8,750	81,800	86,600	168,400	31/12/21
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. 1,500,000 Rs. 10,000	25,500	85,200	110,700	31/12/21
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. 16,000,000 Rs. 12,750	564,300	668,000	1,232,300	31/12/21
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. 800,000 Rs. 8,500	21,500	44,400	65,900	31/12/21
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. 1,200,000 Rs. 8,000	44,800	65,800	110,600	31/12/21
No 91, Bauddhaloka Mawatha, Gampaha	9,458	A-0-R-0-P-32.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,700,000 Rs. 9,000	120,000	72,300	192,300	31/12/21
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. 3,200,000 Rs. 9,500	49,600	92,000	141,600	31/12/21
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.600,000 - 1,000,000 Rs. 10,000	30,000	63,850	93,850	31/12/21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

									2021		
Addresses	Building	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Building	Date of Revaluation	Cost/ the Valuation		
						Sq. Ft.	Rs.'000	Rs.'000	Rs.'000		
No.509, 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. 3,600,000 Rs. 1,400 - 1,600	143,000	10,300	31/12/21	153,300		
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. 2,750,000 Rs. 1,000	131,800	4,150	31/12/21	135,950		
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. 2,000,000 Rs. 8,350	47,600	92,400	31/12/21	140,000		
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. 16,000,000 Rs. 6,500	1,076,000	9,300	31/12/21	1,085,300		
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. 1,200,000 Rs. 9,000	72,000	96,700	31/12/21	168,700		
No.38,38/B Rajapilla Road, Kurunegala	-	A-0-R-0-P-23.93	Market Comparable Method	Price per perch	Rs. 3,000,000	71,800	-	31/12/21	71,800		
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. 3,500,000 Rs. 6,500	179,200	72,000	31/12/21	251,200		
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.16,500,000 Rs. 29,000	1,194,600	124,250	31/12/21	1,318,850		
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. 5,000,000 Rs. 6,000	262,000	20,700	31/12/21	282,700		
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. 3,300,000 Rs. 8,500	84,000	47,300	31/12/21	131,300		
No.65, King Street, Kandy	14,650	A-0-R-1-P-1.25	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 6,500,000 Rs. 6,500	267,300	61,900	31/12/21	329,200		
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. 7,250,000 Rs. 8,000	191,700	31,800	31/12/21	223,500		
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. 3,600,000 Rs. 1,000	85,500	2,250	31/12/21	87,750		
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. 1,800,000 Rs. 9,000	35,000	53,200	31/12/21	88,200		
No.26 Gammedda Road, Jaela	-	A-0-R-0-P-32	Market Comparable Method	Price per perch	Rs. 1,800,000	57,600	-	31/12/21	57,600		
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. 3,200,000 Rs. 16,000	81,000	59,400	31/12/21	140,400		
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. 16,000,000 Rs. 2,000 - 7,750	405,000	41,800	31/12/21	446,800		
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. 4,000,000 Rs. 12,500	116,000	70,000	31/12/21	186,000		
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. 550,000 Rs. 10,000	24,300	94,600	31/12/21	118,900		
Mirigama Road, Wewagedara, Divulapitiya.	5,229	A-0-R-0-P-40	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 900,000 Rs. 11,500	36,000	60,000	31/12/21	96,000		

2021								
Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Building Rs.'000	Date of Cost/ Revaluation Valuation Rs.'000
No.301/A, Point Pedro Road, Nellyyaddy		A-0-R-1-P-13.78	Contractor's Test Method	Price per perch	Rs. 250,000	13,400	-	13,400 31/12/21
No. 37,39 & 41, Kannarthiddy Road, Jaffna (Jaffna New Building)	13,710		Contractor's Test Method	Price per Sq ft	Rs. 9,000		117,200	117,200 31/12/21
No.746/1/1, Trincomalee Street, Madandawela, Matale		A-0-R-0-P-31	Contractor's Test Method	Price per perch	Rs. 2,200,000	68,200		68,200 31/12/21
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. 3,750,000 Rs. 12,000	140,600	88,000	140,600 88,000 31/12/21
No.101, Veyangoda Road, Minuwangoda		A-0-R-0-P-37.23	Contractor's Test Method	Price per perch	Rs. 1,370,000	51,000		51,000
No 143, Neboda Road, Matugama		A-0-R-1-P-2.74	Market Comparable Method	Price per perch				
Total						6,361,100	2,842,700	9,203,800

7.(j) Movement of Revalued Freehold Land & Buildings, if Accounted on Cost

	Freehold land	Building
At Cost		
As at 1 January 2021	3,000,575	2,434,472
Additions	51,002	202,366
As at 31 December 2021	3,051,577	2,636,838
Additions	51,720	18,057
As at 31 December 2022	3,103,297	2,654,895
Depreciation		
As at 1 January 2021	-	279,190
Additions	-	56,086
As at 31 December 2021	-	335,276
Additions	-	61,279
As at 31 December 2022	-	396,555
Carrying amount		
As at 1 January 2021	3,000,575	2,155,282
As at 31 December 2021	3,051,577	2,301,562
As at 31 December 2022	3,103,297	2,258,340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. RIGHT-OF-USE ASSETS

ACCOUNTING POLICY

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Initial Measurement

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Where a subsidiary company has a right-of-use asset and lease liability as result of property rented out by the Company to the subsidiary, such right-of-use asset and lease liability are eliminated in the Consolidated Financial Statements.

Subsequent Measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and leases of low-value assets

The Group has elected not to recognise Right of Use Assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense in profit or loss on a straight line basis over the lease term.

8.(a) Assets Held Under Lease Recognized as Right-of Use Assets

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 January	230,155	189,781	238,137	197,763
Impact of new leases	44,227	124,139	44,227	124,139
Removal of Right-of-use Assets from Group	12,819	-	-	-
Preclosure of Leases	(5,548)	(3,212)	(5,548)	(3,212)
Depreciation for the year	(83,906)	(80,553)	(81,003)	(80,553)
As at 31 December	197,747	230,155	195,813	238,137

8.(b) Lease Liabilities

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 January	233,814	193,144	251,560	210,890
Impact of new leases	57,046	124,139	44,227	124,139
Removal of Lease Liabilities from Group	-	-	-	-
Preclosure of Leases	(6,647)	(3,195)	(6,647)	(3,195)
Accretion of Interest	21,527	22,309	21,527	22,309
Rental paid during the year	(100,491)	(93,467)	(100,491)	(93,467)
Rental paid in Advance	(2,838)	(9,116)	(2,838)	(9,116)
As at 31 December	202,410	233,814	207,338	251,560

	2022	2021
	Rs.'000	Rs.'000
Operating lease commitments as at 1 January	264,930	303,956
Weighted average incremental borrowing rate	-	7.90%
Discounted operating lease commitments (Right-of-use Assets) as at 31 December	207,338	251,560

8.(c) Maturity analysis - contractual undiscounted cash flows

The Company has entered into commercial leases on certain property and equipment. These leases have an average life of between three and five years, with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into the leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Within one year	92,989	102,093	92,989	102,093
After one year but not more than three years	121,211	146,138	121,211	146,138
After three years but not more than five years	38,001	53,037	38,001	53,037
More than five years	12,729	2,688	12,729	2,688
Total operating lease rentals payable	264,930	303,956	264,930	303,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8.(d) Amounts recognised in profit or loss

For the year ended 31st December	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Depreciation charge for the year	(83,906)	(80,553)	(81,003)	(80,553)
Interest on lease liabilities	21,527	22,309	21,527	22,309

8.(e) Amounts recognised in statement of cash flows

For the year ended 31st December	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Advance paid to Right of Use Asset	(2,838)	(9,116)	(2,838)	(9,116)
Payment of Lease Liabilities	(100,491)	(93,467)	(100,491)	(93,467)

8.(f) Impairment of right-of-use assets

The Group does not foresee any impairment of right-of-use assets and does not anticipate discontinuation of any assets for which the Group has the right to use.

8.(g) Lease Liability Reassessment

Lease liabilities are not reassessed as there are no known moratorium received for the lease payments during the year.

9. INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used (land or a building-or part of a building-or both) in the production or supply of goods or services or for administrative purposes.

Initial Measurement

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.

Where a subsidiary company occupies a significant portion of the investment property of the Company, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements and accounted using Group accounting policy for property, plant and equipment.

Subsequent Measurement

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 the relevant valuation models.

Transfers

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 investment property, the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of the change in use.

Derecognition

Investment properties are de-recognised 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.

Reconciliation of carrying amounts of Investment property

			GROUP		COMPANY	
			2022	2021	2022	2021
	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 January			1,229,600	787,800	4,045,700	3,515,700
Additions			260,619	311,202	260,619	311,202
Disposal			(450,000)	(240,000)	(450,000)	(240,000)
Fair Value Gains	321	30	248,511	370,598	411,911	458,798
As at 31 December			1,288,730	1,229,600	4,268,230	4,045,700

9.(a) Valuation of Investment Properties

As at 31 December 2022 the fair values of the land and buildings held for investment purpose are based on valuations performed by an accredited independent valuer, Mr. Chandrasena Weerasinghe.

Valuation models used for valuation include Cost Basis method, Investment Method and Comparison Method, which are in compliance with the SLFRS/LKAS and also in accordance with the 8th Edition of International Valuation Standards recommended by the International Valuation Standards Committee.

The Effective date of valuation of the land and buildings held for investment purpose is 31 December 2022

There were no transfers between Levels 1 and 2 or 3 during the year.

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;

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	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 rental rate 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

The fair value measurement for all of the Land and Buildings held for investment purpose has been categorized under Level 3 based on the inputs to the valuation techniques used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9.(b) Temporarily Idle Investment Property

There are no temporarily idle Investment properties as at 31 December 2022

9.(c) Assessment of Impairment

The Group has assessed the potential impairment indicators of Investment Properties as at 31 December 2022. Based on the assessment, no impairment indicators were identified and it was concluded that no impairment is necessary for any of the Group's Investment Property as at year end.

9.(d) Capital commitments and assets pledged

There are no capital commitments as at reporting date under contracts entered into on Capital expenditure projects.

9.(e) Title restriction on Investment Property

There are no restriction that existed on the title of the Investment Property of the Group and Company as at reporting date.

9.(f) Capitalization of Borrowing Cost

There are no capitalised borrowing costs relating to the acquisition of Investment Property during the year. (2021 Nil)

9.(g) Details of Investment Properties of Company

	2022								
	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Building Rs.'000	Revaluation Rs.'000	Date of Cost/ the Valuation
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	130,000	26,000	156,000	31/12/22
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. 140	85,000	23,000	108,000	31/12/22
No. 428, 428/2/1, R. A. De Mel Mawatha, Colombo 03	8,249	Condominium	Investment Method	Rent per Sq.ft per month	Rs.50 - Rs. 210	-	150,000	150,000	31/12/22
No. 60, Park Street, Colombo 02	34,854	A-0-R-1-P-2.82	Investment Method	Rent per Sq.ft per month	Rs.190 - Rs. 280	728,000	261,000	989,000	31/12/22
No. 70, Park Street, Colombo 02	4,510		Market Comparable Method	Rent per Sq.ft per month	Rs.30,000	-	135,000	135,000	31/12/22
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	111,000	8,000	119,000	31/12/22
Ceylinco House, No. 69, Janadhipathi Mawatha, Colombo 01 (6th Floor)	11,323		Investment Method	Price per Sq.ft	Rs.26,500	-	-	- -	
Ceylinco House, No.69, Janadhipathi Mawatha, Colombo 01 (7th Floor)	5,318		Investment Method	Price per Sq.ft	Rs.26,500	-	-	- -	
Serene Resorts, Bopitiya Road, Uswetakeiyawa	38,176	A-2-R-3-P-30	Market Comparable Method	Price per perch	Rs.600,000	282,000	267,000	549,000	31/12/22
No. 38 Abdul Gafoor Mawatha Colombo 03	-	A-0-R-1-P-4.5	Investment Method	Price per perch	Rs.18,000,000	801,000	-	801,000	31/12/22
No. 02 Gower Street Colombo 05	2,610		Investment Method	Price per Sq.ft per month	Rs.7,500 - 7,500	-	9,750	9,750	31/12/22
No.09 1&9A,Layards Road,Colombo 05	4,120	A-0-R-0-P14.26	Investment Method	Price per Sq.ft per month	Rs.7,500 - 7,500	221,000	30,000	251,000	31/12/22
63, Janadhipathi Mawatha, Colombo 01		A-0-R-0-P-13.84	Investment Method	Price per perch	Rs.22,000,000	304,480		304,480	31/12/22
No. 10, Gower Street, Colombo 05	5680	A-0-R-0-P-20.25	Investment Method	Price per Sq.ft per month	Rs.5,650	334,000	16,000	350,000	31/12/22
No. 42/1, Dickmon road, Havelock town, Colombo 05	3885	A-0-R-0-P-20.00	Investment Method	Price per perch	Rs.12,000,000	240,000	106,000	346,000	31/12/22
Total						3,236,480	1,031,750	4,268,230	

2021									
	Building	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Building	Cost/ Revaluation	Date of Valuation
	Sq. Ft.					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.135 - Rs. 155	120,000	18,300	138,300	31/12/21
No. 24A, New Galle Road, Nambimulla, Ambalangoda	4,614	A-0-R-0-P-20	Investment Method	Rent per Sq.ft per month	Rs.105 - Rs. 135	80,000	18,400	98,400	31/12/21
No. 428, 428/2/1, R. A. De Mel Mawatha, Colombo 03	8,249	Condominium	Investment Method	Rent per Sq.ft per month	Rs.45 - Rs. 200	-	136,000	136,000	31/12/21
No. 60, Park Street, Colombo 02	34,854	A-0-R-1-P-2.82	Investment Method	Rent per Sq.ft per month	Rs.180 - Rs. 250	642,300	217,000	859,300	31/12/21
No. 70, Park Street, Colombo 02	4,510		Market Comparable Method	Rent per Sq.ft per month	Rs.125 - Rs. 160	-	130,800	130,800	31/12/21
No. 06, Railway Station Road, Matara	2,982	A-0-R-0-P-25.88	Investment Method	Rent per Sq.ft per month	Rs.70 - Rs. 120	103,500	6,300	109,800	31/12/21
Ceylinco House, No. 69, Janadhipathi Mawatha, Colombo 01 (6th Floor)	11,323		Investment Method	Price per Sq.ft	Rs.26,500	-	300,000	300,000	31/12/21
Ceylinco House, No. 69, Janadhipathi Mawatha, Colombo 01 (7th Floor)	5,318		Investment Method	Price per Sq.ft	Rs.26,500	-	150,000	150,000	31/12/21
Serene Resorts, Bopitiya Road, Uswetakeiyawa	38,176	A-2-R-3-P-30	Market Comparable Method	Price per perch	Rs.550,000	258,500	261,000	519,500	31/12/21
No. 38 Abdul Gafoor Mawatha Colombo 03	-	A-0-R-1-P-4.5	Investment Method	Price per perch	Rs.16,000,000	712,000	-	712,000	31/12/21
No. 02 Gower Street Colombo 05	2,610		Investment Method	Price per Sq.ft per month	Rs.6,500	-	9,300	9,300	31/12/21
No. 09 1&9A, Layards Road, Colombo 05	4,120	A-0-R-0-P14.26	Investment Method	Price per Sq.ft per month	Rs.5,500 - 6,500	213,900	24,800	238,700	31/12/21
63, Janadhipathi Mawatha, Colombo 01		A-0-R-0-P-13.84	Investment Method	Price per perch	Rs.22,000,000	304,000		304,000	31/12/21
No. 10, Gower Street, Colombo 05	5680	A-0-R-0-P-20.25	Investment Method	Price per Sq.ft per month	Rs.5,500	324,000	15,600	339,600	
No. 42/1, Dickmon road, Havelock town, Colombo 05	3885	A-0-R-0-P-20.00	Investment Method	Price per perch					
Total						2,758,200	1,271,900	4,045,700	

The fair value of investment property reflects the actual market value as at reporting date.

No Depreciation/Amortization is recognized for the investments properties carried at Fair Value

9.(h) Rental Income

	Page	Note	GROUP		COMPANY	
			2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rental Income Derived from Investment Properties	319	28	27,435	78,671	34,905	85,481
Direct operating Expenses Generating Rental Income			(3,083)	(5,234)	(3,083)	(5,234)
Direct operating Expenses not Generating Rental Income			(2,401)	(1,848)	(2,401)	(1,848)
Net Profit Arising From Investment Properties			21,951	71,589	29,421	78,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9.(i) Maturity analysis - contractual undiscounted cash flows

The Company has entered into operating lease agreements with various parties including its subsidiaries. Cash flows from operating leases from subsidiaries are eliminated in Group figures. The remaining period of these lease arrangements varies between one to ten years.

Future minimum rentals receivable under operating leases are as follows:

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Within one year	29,033	22,398	29,033	26,838
After one year but not more than three years	49,297	38,130	49,297	38,130
After three years but not more than five years	24,627	43,653	24,627	43,653
More than five years	46,867	46,867	46,867	46,867
Expected Future Rentals	149,824	151,048	149,824	155,487

10. INVESTMENT IN SUBSIDIARIES

ACCOUNTING POLICY

Business combinations are accounted for using the purchase method. Transaction costs directly attributable to the acquisition form part of the acquisition costs. Non-controlling interests are 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 measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combinations are expensed 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. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with LKAS 39 either in Income Statement or as a change to Other Comprehensive Income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39 - Financial Instruments: Recognition and Measurement it is measured in accordance with the appropriate SLFRS/LKAS.

Subsidiary Companies

Serene Resorts Limited
Ceylinco Healthcare Services Limited

Associate Companies

Citizens Development Business Finance PLC
Kings Hospital Colombo (Private) Ltd.

As common control business combinations are scoped out in SLRFS 3 - Business Combinations, management used the guidance available in LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and the guidance issued under the Statement of Recommended Practice ('SoRP') - 'Merger Accounting for Common Control Business Combinations' issued by The Institute of Chartered Accountants of Sri Lanka.

In applying merger accounting, Financial Statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the Consolidated Financial Statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

Accordingly, the comparative figures of the Consolidated Financial Statements were restated as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties of Ceylinco Life Insurance Limited.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income expenses arising from intra-group transactions and dividends, are eliminated in preparation of the Consolidated Financial Statements.

Subsidiaries

Subsidiaries are entities controlled by the parent company. Control is achieved when the Group is exposed or has the right, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee. Specially, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., Existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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 a 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:

- The contractual agreement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

The Group reassesses 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 in 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 recognised in profit or loss. Any investment retained is recognised at fair value.

The Financial Statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Unquoted Shares

	% OF DIRECT HOLDING		NUMBER OF SHARES		COST	
	2022	2021	2022	2021	2022	2021
					Rs.'000	Rs.'000
Serene Resorts Ltd.	98.88%	98.65%	44,000,000	36,500,000	440,000	365,000
Ceylinco Healthcare Services Ltd.	99.45%	99.45%	77,100,000	77,100,000	771,000	771,000
					1,211,000	1,136,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Transactions with Non-Controlling Interests

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under 'Non-Controlling Interest'. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Assessment of Impairment

Having evaluated the business continuity plans and the cash flows (where necessary) of each subsidiary, the Group determined that no impairment provision is required for the investments made in its subsidiaries as at 31 December 2022.

11. INVESTMENT IN ASSOCIATES

ACCOUNTING POLICY

Associates are those entities in which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies. The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The Income Statement reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The Financial Statements of the associate is prepared for the same Reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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. At each Reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, 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.

11.(a) Investments in Associates

	% HOLDING		NUMBER OF SHARES		VALUE	
	2022	2021	2022	2021	2022	2021
					Rs.'000	Rs.'000
COMPANY						
Quoted Investments (at Cost)						
Citizens Development Business Finance PLC	30.80%	30.80%	21,498,096	21,498,096	807,672	807,672
Unquoted Investments (at Cost)						
Kings Hospital Colombo (Pvt) Limited	43.69%	-	176,859,657	-	1,834,000	-
Total					2,641,672	807,672
GROUP						
Negative Goodwill on Acquisition over Consideration						
Citizens Development Business Finance Ltd					103,749	103,749
Group's Share of Associates Companies Retained Assets						
Citizens Development Business Finance PLC					4,649,219	3,004,002
Kings Hospital Colombo (Pvt.) Limited					(447,792)	-
Group Investment in Associates (Equity Basis)					6,946,848	5,025,710

11.(b) Summarized Financial Information of the Associates

	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC				KINGS HOSPITAL COLOMBO (PVT.) LIMITED			
	TOTAL - ASSOCIATE		SHARE OF ASSOCIATE		TOTAL - ASSOCIATE		SHARE OF ASSOCIATE	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Associate's Statement of Financial Position								
Total Assets	104,719,289	96,873,639	32,253,541	29,837,080	9,263,702	8,816,265	4,047,312	-
Total Liabilities	(86,665,261)	(80,556,399)	(26,692,900)	(24,811,370)	(6,188,446)	(5,971,737)	(2,703,732)	-
Net Assets	18,054,028	16,317,240	5,560,641	5,025,710	3,075,256	2,844,528	1,343,580	-
Associate's Revenue and Profit								
Revenue	18,974,332	14,583,821	5,844,094	4,491,817	2,322,071	3,403,235	1,014,513	-
Profit Before Tax	355,027	4,626,038	109,348	1,424,820	(493,038)	116,699	(215,408)	-
Profit After Tax	2,539,280	3,469,844	782,098	1,068,712	(683,604)	301,090	(298,666)	-
Other Comprehensive Income	187,818	335,993	57,848	103,486	(588,668)	-	(257,189)	-

Above summarized financials includes share of following account balances

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	TOTAL - ASSOCIATE		SHARE OF ASSOCIATE		TOTAL - ASSOCIATE		SHARE OF ASSOCIATE	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and Cash Equivalent	1,862,059	3,727,428	573,514	1,148,048	246,640	60,556	107,757	26,457
Non Current Financial Liabilities	-	-	-	-	8,156,538	8,219,171	3,563,591	3,590,956
Interest Expenses	(10,549,491)	(5,987,760)	(3,249,243)	(1,844,230)	-	-	-	-
Income Tax Expense	(1,011,247)	(1,156,194)	(311,464)	(356,108)	(190,566)	(184,391)	(83,258)	(80,560)

Citizens Development Business Finance PLC (CDB) is a public limited liability company incorporated and domiciled in Sri Lanka, which is also listed in Colombo Stock Exchange. The principal activity of the company is to provide a vast range of Financial Services including accepting deposits, leasing, hire purchase, and loan facilities etc.

Kings Hospital Colombo (Pvt) Limited is a modern hospital which provides medical services such as inpatient care, maternity care, outpatient services, emergency care, lab services etc.

11.(c) Fair Value of the Investment

Fair Value of the Company's investments in the associates as at reporting date is Rs. 4,084.64 Mn (2021 - Rs.3,740.67Mn)

11.(d) Impairment of Investment in Associates

Having evaluated the business continuity plans and the cash flows of the investment in associates, the Group determined that no impairment provision is required for the carrying value of investment in associates as at 31 December 2022.

12. FINANCIAL INSTRUMENTS AND THEIR FAIR VALUES

ACCOUNTING POLICY

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of Financial Assets

Depending on the intention and ability to hold the invested assets, the Company classifies its non-derivative financial assets into following categories in accordance with LKAS 39 - Financial Instruments: Recognition and Measurement.

- Financial assets at fair value through profit or loss (FVTPL)
- Held-to-maturity (HTM)
- Loans and receivables (L&R) and
- Available-for-sale (AFS) financial assets.

LKAS 39 was replaced by SLFRS 9 - Financial Instruments with effect from 1 January 2018. However, the Company meets the eligibility criteria of the temporary exemption from SLFRS 9 and intends to defer its application until 1 January 2025.

Initial Recognition

The Group/Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group/Company becomes a party to the contractual provisions of the instrument. In the case of financial assets not at fair value through profit or loss, a financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Income and expenses are presented on a net basis only when permitted under SLFRS/LKAS, or for gains and losses arising from a group of similar transactions such as in the Group/Company's trading activity.

Subsequent measurement

Subsequent measurement of each classes of financial assets is disclosed in respective sub-notes.

Fair Value through Profit or Loss investments and Available-For-Sale investments are valued at fair value. Held to maturity investments and loans and receivables are valued at amortised cost.

Impairment of Financial Assets

The Group assesses, at each Reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, 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, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and when 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.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset de-recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the Consolidated Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the 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.

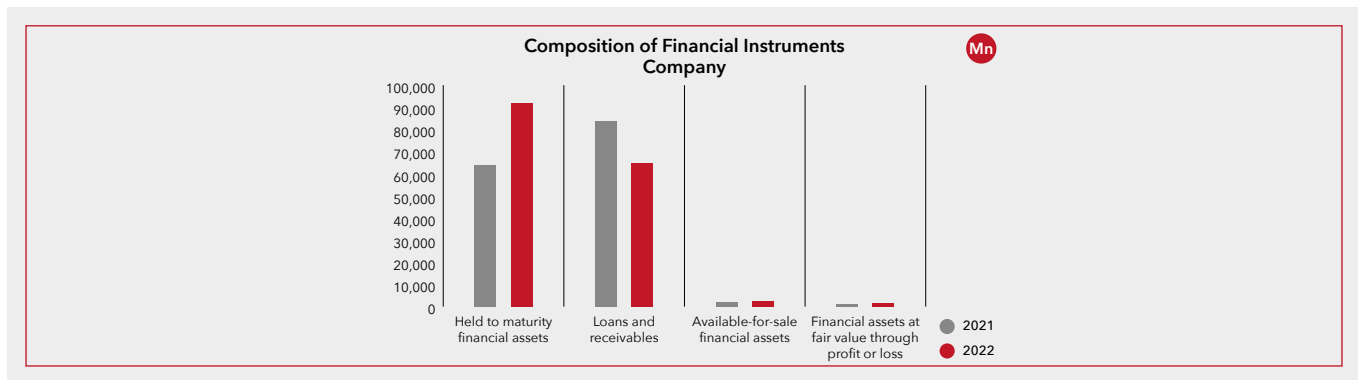
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards 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. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table consists each class of financial investments together with their fair values and carrying values.

As at 31 December	GROUP						COMPANY			
			2022		2021		2022		2021	
	Page	Note	Carrying value Rs.'000	Fair value Rs.'000	Carrying value Rs.'000	Fair value Rs.'000	Carrying value Rs.'000	Fair value Rs.'000	Carrying value Rs.'000	Fair value Rs.'000
Held to maturity financial assets	279	12.(a)	92,014,385	70,854,329	63,905,377	62,538,104	91,730,251	70,854,329	63,905,377	62,538,104
Loans and receivables	280	12.(b)	65,770,166	65,770,166	84,883,811	84,883,811	64,965,241	64,965,241	83,943,190	83,943,190
Available-for-sale financial assets	281	12.(c)	828,588	828,588	783,568	783,568	621,942	621,942	616,108	616,108
Financial assets at fair value through profit or loss	283	12.(d)	467,979	467,979	1,073	1,073	467,979	467,979	1,073	1,073
Total Financial Instruments			159,081,118	137,921,062	149,573,829	148,206,556	157,785,413	136,909,491	148,465,748	147,098,475



12.(a) Held to Maturity Financial Assets

ACCOUNTING POLICY

Initial measurement

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity (HTM) when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Amortized cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The effect of amortisation is recognized in Profit or Loss.

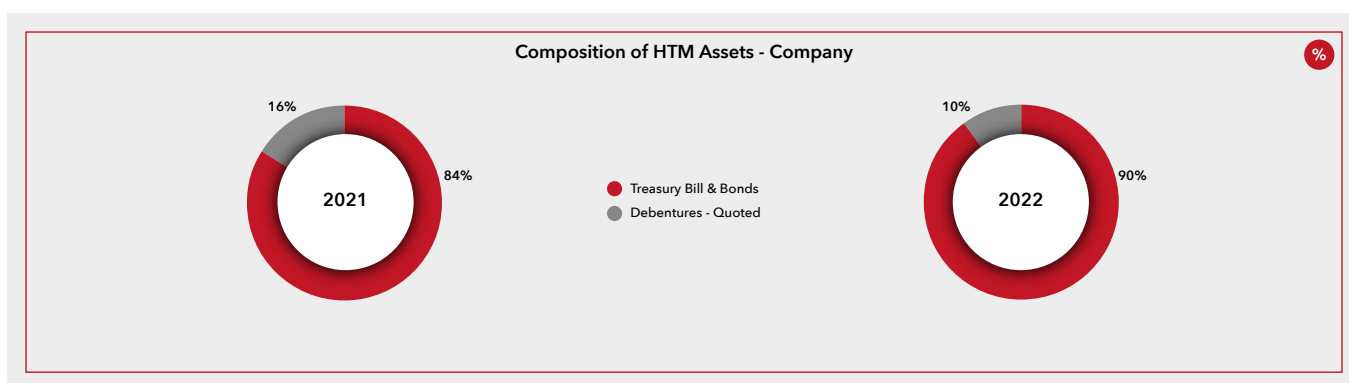
Impairment

Any impairment loss on an HTM investment is recognized as finance cost in Profit or Loss.

De-recognition

Any gain or loss arising from de-recognition of an HTM investment is recognized in Profit or Loss.

As at 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Fair value						
Treasury Bills & Bonds			60,797,643	51,857,391	60,466,429	51,857,391
Debentures - Quoted			9,271,814	10,680,713	9,271,814	10,680,713
Total			70,069,457	62,538,104	69,738,243	62,538,104
Amortised Cost						
Treasury Bills & Bonds			82,732,117	53,668,148	82,447,983	53,668,148
Debentures - Quoted	288	12.(j).(1)	9,282,268	10,237,229	9,282,268	10,237,229
Total			92,014,385	63,905,377	91,730,251	63,905,377



12.(a).1. Impairment of HTM Financial Investments

The Group/ Company has not experienced any indication for impairment in respect of HTM financial assets.

12.(a).2. Re-Classification

During the Year Group/Company did not reclassify any financial assets under this category.

12.(a).3. Fair Value Measurement

The Group/Company measures the fair value using fair value hierarchy which reflects the significance of level of inputs as shown under Note 12.(g).

12.(b) Loans and Receivables

ACCOUNTING POLICY

Initial measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Such assets are initially measured at fair value plus transaction costs that are directly attributable to acquisition or issue of such instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent measurement

After initial measurement, such financial assets are subsequently 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 fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in Profit or Loss/Profit or Loss.

Impairment

Any impairment loss on loan and receivables is recognized as finance cost in Profit or Loss.

De-recognition

Any gain or loss arising from de-recognition of loans and receivables is recognized in Profit or Loss.

As at 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Staff Vehicle Hire Purchase			575,811	662,522	575,811	662,522
Staff Loans other than vehicle Hire Purchase			163,807	150,430	163,807	150,430
Repo Investment			5,463,433	6,371,199	5,463,433	6,296,199
Debentures - Quoted	288	12.(j).(2)	14,452,543	14,440,646	14,452,543	14,440,646
Debentures - Unquoted	289	12.(j).(3)	1,483,776	4,875,489	1,483,776	4,875,489
Term Deposits	289	12.(j).(4)	43,630,797	58,383,524	42,825,872	57,517,903
Total			65,770,166	84,883,811	64,965,241	83,943,190

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The carrying value of the staff loans and vehicle hire purchase of sales agents is computed based on the market interest rates prevailed at the time of granting the loan or entering the hire purchase agreement.

12.(b).1 Impairment of Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses 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 has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is 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 EIR.

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 finance 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 realised 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 finance costs in the Income Statement.

12.(b).2 Re-Classification

During the year the Group/Company did not reclassify any financial assets under this category.

12.(b).3 Fair Value Measurement

The Group/Company measures the fair value using fair value hierarchy which reflects the significance of level of inputs as shown under Note 12.(g).

12.(c) Available-For-Sale Financial Assets

ACCOUNTING POLICY

Initial measurement

Available-for-sale (AFS) financial investments include equity and debt securities. Equity investments classified as available-for-sale are those that 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.

Subsequent measurement

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses on available-for sale equity instruments are recognised in Other Comprehensive Income and presented within equity in the available-for-sale reserve. Fair value changes in the assets of the Policyholders' Fund are recognized under Insurance Contract Liabilities - Life.

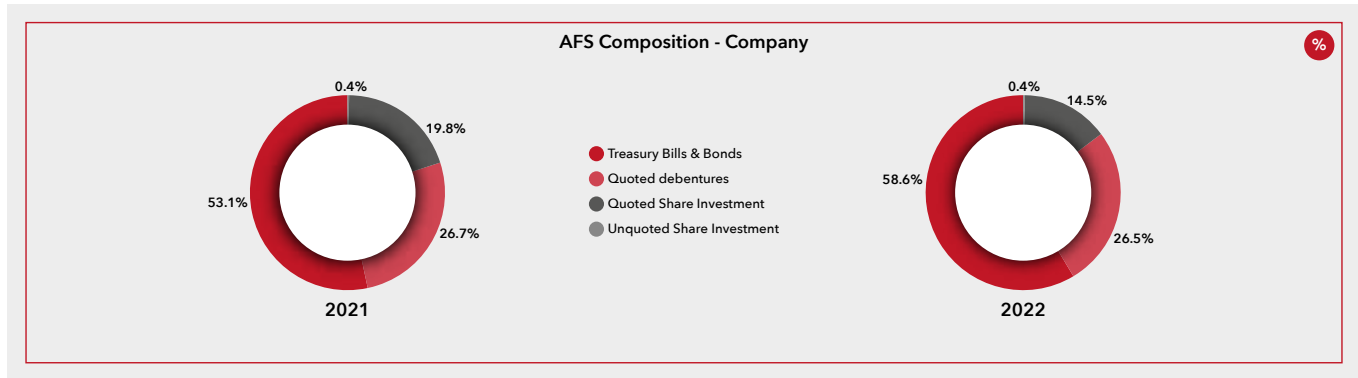
Interest earned whilst holding Available For Sale investments is reported as 'Interest Income' using the EIR. Dividends earned whilst holding Available For Sale investments are recognised in comprehensive Income as 'Dividend Income' when the right of the payment has been established.

De- recognition

When an AFS investment is derecognized, the cumulative gain or loss in Other Comprehensive Income is transferred to Profit or Loss.

As at 31 December			2022	2021	2022	2021
	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Treasury Bills & Bonds			531,088	326,876	364,427	326,876
Quoted debentures	289	12.(j).(5)	164,657	164,657	164,657	164,657
Quoted Share Investment	290	12.(j).(6)	90,334	122,051	90,334	122,051
Unquoted Share Investment	290	12.(j).(7)	2,525	2,525	2,525	2,525
Unit Trust Investments			39,984	167,460	-	-
Total Available-For-Sale Financial Assets at Fair Value			828,588	783,568	621,942	616,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



12.(c).1 Impairment of 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 evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When 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 recognised 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 amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised 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.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates among other factors, the duration or extent to which the fair value of the investment is less than its cost.

12.(c).2. Re-Classification

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Group is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Group 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. There classification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

During the Year Group/Company did not reclassify any financial assets under this category.

12.(c).3 Fair Value Measurement

The Group/Company measures the fair value using fair value hierarchy which reflects the significance of level of inputs as shown under Note 12.(g).

12.(d) Financial Assets at Fair Value Through Profit or Loss**ACCOUNTING POLICY****Initial Measurement**

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Attributable transaction costs are recognised in Income Statement as incurred.

Subsequent Measurement

Subsequent to initial recognition, these investments are re-measured at fair value. Changes in fair value are recorded in 'Fair value gains and losses' in comprehensive Income.

As at 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Fair value						
Treasury Bills & Bonds			467,092	-	467,092	-
Short Term Share Investment - Quoted	290	12.(j).(8)	887	1,073	887	1,073
Total Financial Assets at Fair Value Through Profit or Loss			467,979	1,073	467,979	1,073

12.(d).2 Re-Classification

During the Year Group/Company did not reclassify any financial assets under this category.

12.(d).3 Fair Value Measurement

The Group/Company measures the fair value using fair value hierarchy which reflects the significance of level of inputs as shown under Note 12.(g).

12.(e) Accrued Investment Income

As at 31 December			GROUP		COMPANY	
			2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Held to Maturity Investments			2,814,564	1,914,713	2,814,564	1,914,713
Financial assets at fair value through profit or loss			-	-	-	-
Loans & Receivables			725,584	842,627	725,584	827,968
Available for sale investments			7,211	8,482	7,211	8,482
			3,547,359	2,765,823	3,547,359	2,751,164

Accrued Investment of Financial Instruments are amalgamated to each instrument and shown under each class of financial instruments above.

12.(f). Pledged Financial Instruments

Details of pledged financial instruments are disclosed in Note 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12.(g) Determination of Fair Value and Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each Reporting period. 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 and the level of the fair value hierarchy as explained above.

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 and the level of the fair value hierarchy as explained above.

Fair Value Basis - Instrument Wise

Instrument	Measurement Basis
Government Securities	Average buying yield as per secondary market daily report published by the Central Bank of Sri Lanka plus accrued interest
Treasury Bonds	
Investment in Listed Shares	Closing Price
Corporate Debt	
Listed	Last traded price plus accrued interest
Unlisted Fixed Rate	Amortized cost
Fixed and Term Deposits	Amortized cost
REPO Lending	Amortized cost

The following table shows an analysis of Assets & Liabilities recorded at fair value by level of the fair value hierarchy:

Company

	2022				2021			
	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets								
Financial Assets at Fair Value Through Profit/Loss								
Equity securities	887	-	-	887	1,073	-	-	1,073
Debt securities	467,092	-	-	467,092	-	-	-	-
	467,979	-	-	467,979	1,073	-	-	1,073
Available-For-Sale Financial Assets:								
Equity securities	90,334	-	2,525	92,859	122,051	-	2,525	124,576
Debt securities	529,083	-	-	529,083	491,532	-	-	491,532
	619,417	-	2,525	621,942	613,583	-	2,525	616,108
Held to Maturity Financial Assets	61,582,516	9,271,814	-	70,854,330	51,857,391	10,680,713	-	62,538,104
Total Financial Assets	62,669,912	9,271,814	2,525	71,944,251	52,472,047	10,680,713	2,525	63,155,285
Property Plant and Equipment								
Land	-	-	7,339,500	7,339,500	-	-	6,361,102	6,361,102
Buildings	-	-	3,466,463	3,466,463	-	-	2,842,700	2,842,700
	-	-	10,805,963	10,805,963	-	-	9,203,802	9,203,802
Investment Properties	-	-	4,268,230	4,268,230	-	-	4,045,700	4,045,700
Total Assets	62,669,912	9,271,814	15,076,718	87,018,444	52,472,047	10,680,713	13,252,027	76,404,787
Financial Liabilities								
Interest Bearing Borrowings	-	-	-	-	-	-	3,202,054	3,202,054
Total Liabilities	-	-	-	-	-	-	3,202,054	3,202,054

* Listed corporate debt has been classified under Level 2 in the above fair value hierarchy as there is no active market for such corporate debt, even though such corporate debt is listed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12.(h) Carrying Values of Financial Instruments

The movement of carrying value of above financial instruments as of Reporting date is as follows:

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
As at 1 January 2021	51,485,457	61,374,736	13,198,828	3,097,684	129,156,706
Purchases	11,803,771	306,425,378	8,778,738	4,762,559	331,770,447
Maturities	(11,706,553)	(282,846,240)	(2,973,733)	(50,000)	(297,576,526)
Disposals	-	(3,853,000)	(9,762,878)	(3,137,846)	(16,753,724)
Fair value gains recorded in the income statement	-	-	-	(70,719)	(70,719)
Fair value gains recorded in other comprehensive income	-	-	(572,553)	-	(572,553)
Reclassification	12,831,130	-	(7,758,166)	(5,072,964)	-
Interest Accrual Adjustment	(205,446)	(255,546)	264,459	76,591	(119,942)
Amortisation adjustment	(302,983)	4,038,483	(391,126)	395,767	3,740,141
As at 1 January 2022	63,905,376	84,883,811	783,568	1,073	149,573,830
Purchases	82,389,501	707,246,374.94	4,484,699	2,335,670	796,456,245
Maturities	(52,591,991)	(700,283,925.96)	(426,785)	(200,000)	(753,502,702)
Disposals	-	(30,697,670)	(3,984,799)	(1,713,578)	(36,396,047)
Fair value gains recorded in the income statement	-	-	-	21,510	21,510
Fair value gains recorded in other comprehensive income	-	-	(121,118)	-	(121,118)
Reclassification	-	-	-	-	-
Interest Accrual Adjustment	(899,851)	102,384	1,271	-	(796,196)
Amortisation adjustment	(788,649)	4,519,192	91,751	23,303	3,845,597
As at 31 December 2022	92,014,385	65,770,166	828,588	467,977	159,081,118

Company

	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
As at 1 January 2021	51,485,457	60,633,154	13,032,167	3,097,684	128,248,462
Transferred from Ceylinco Insurance PLC					-
Purchases	11,803,771	305,751,198	8,778,738	4,609,059	330,942,767
Maturities	(11,706,553)	(282,478,240)	(2,973,733)	(50,000)	(297,208,525)
Disposals		(3,853,000)	(9,762,878)	(2,993,846)	(16,609,724)
Fair value gains recorded in the income statement	-	-	-	(70,719)	(70,719)
Fair value gains recorded in other comprehensive income	-	-	(572,553)		(572,553)
Amortisation adjustment	(302,983)	4,145,623	(391,925)	405,268	3,855,983
As at 1 January 2022	63,905,377	83,943,190	616,108	1,073	148,465,749
Purchases	82,389,501	707,246,375	4,484,699	2,335,670	796,456,245
Maturities	(52,591,991)	(700,283,926)	(426,785)	(200,000)	(753,502,702)
Disposals		(30,697,670)	(3,984,799)	(1,713,578)	(36,396,047)
Fair value gains recorded in the income statement	-	-	-	21,510	21,510
Fair value gains recorded in other comprehensive income	-	-	(121,118)	-	(121,118)
Interest Accrual Adjustment	(899,851)	102,384	1,271	-	(796,196)
Amortisation adjustment	(1,072,786)	4,654,889	52,566	23,303	3,657,973
As at 31 December 2022	91,730,251	64,965,241	621,942	467,979	157,785,413

12.(I) Approximation of Fair Value Using Carrying Amount

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 is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For unquoted equity investments book values have been used as a base to calculate fair value. For unquoted debt instruments, the carrying value approximates fair value.

Instrument Category	Fair Value Measurement Basis
Government securities	
Treasury Bonds	Average buying yield as per secondary market daily report published by the Central Bank of Sri Lanka plus accrued interest
Treasury Bills	
Listed Shares	Closing price
Corporate Debt	
Listed	Last traded price plus accrued interest
Unlisted Fixed Rate	Discounted Cash Flow (DCF) Method (Cost plus accrued interest)
Fixed and Term Deposits	
Deposit > 1year	Discounted Cash Flow (DCF) Method (Cost plus accrued interest)

12.(j) Entity wise details of Financial Instruments

12.(j).(1) Held to Maturity Financial Assets - Debentures (Quoted)

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Bank of Ceylon	205,906	205,941	205,906	205,941
Commercial Bank of Ceylon PLC	517,267	517,304	517,267	517,304
DFCC Bank PLC	1,928,306	1,928,735	1,928,306	1,928,735
Hatton National Bank PLC	2,460,231	2,449,598	2,460,231	2,449,598
National Development Bank PLC	702,034	701,964	702,034	701,964
Nations Trust Bank PLC	544,598	544,799	544,598	544,799
Sampath Bank PLC	1,344,873	2,309,224	1,344,873	2,309,224
Seylan Bank PLC	1,579,053	1,579,664	1,579,053	1,579,664
Total	9,282,268	10,237,229	9,282,268	10,237,229

12.(j).(2) Loans and Receivables - Debentures (Quoted)

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Abans PLC	175,771	175,780	175,771	175,780
Citizens Development Business Finance PLC	114,158	114,177	114,158	114,177
Commercial Bank of Ceylon PLC	9,099,550	9,087,141	9,099,550	9,087,141
DFCC Bank PLC	2,202,793	2,203,024	2,202,793	2,203,024
Hatton National Bank PLC	2,860,271	2,860,524	2,860,271	2,860,524
Total	14,452,543	14,440,646	14,452,543	14,440,646

12.(j).(3) Loans and Receivables - Debentures (Unquoted)

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Regional Development Bank	-	299,405	-	299,405
Nations Trust Bank PLC	450,537	446,292	450,537	446,292
National Savings Bank	1,033,238	4,129,792	1,033,238	4,129,792
Total	1,483,776	4,875,489	1,483,776	4,875,489

12.(j).(4) Loans and Receivables - Term Deposits

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Bank of Ceylon	12,279,761	14,072,784	12,059,282	13,779,181
Central Finance Company PLC	499,932	500,000	499,932	500,000
Citizens Development Business Finance PLC	565,178	565,562	565,178	565,562
Commercial Credit & Finance PLC	-	259,012	-	259,012
DFCC Bank PLC	1,077,220	1,249,982	1,077,220	1,249,982
Hatton National Bank PLC	96,754	160,504	55,900	27,510
National Development Bank PLC	10,502,340	11,587,229	10,502,340	11,587,229
National Savings Bank	7,921,094	7,566,217	7,542,502	7,463,077
People's Bank	3,232,216	9,467,641	3,232,216	9,131,758
People's Leasing & Finance PLC	1,038,908	1,039,001	1,038,908	1,039,001
Sampath Bank PLC	5,554,289	10,670,307	5,389,289	10,670,307
Seylan Bank PLC	829,542	1,234,897	829,542	1,234,897
Union Bank of Colombo PLC	33,563	10,387	33,563	10,387
Total	43,630,797	58,383,524	42,825,872	57,517,903

12.(j).(5) Available-for-Sale Financial Assets - Quoted Debentures

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Bank of Ceylon	1,047	1,047	1,047	1,047
DFCC Bank PLC	50,676	50,676	50,676	50,676
Hatton National Bank PLC	57,807	57,807	57,807	57,807
National Development Bank PLC	55,126	55,126	55,126	55,126
Total	164,657	164,657	164,657	164,657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12.(j).(6) Available-For-Sale Financial Assets - Quoted Shares

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December				
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Commercial Credit and Finance PLC	90,334	122,051	90,334	122,051
Total	90,334	122,051	90,334	122,051

12.(j).(7) Available-For-Sale Financial Assets - Unquoted Shares

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December				
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
CEG Education Holdings (Pvt.) Ltd.	2,525	2,525	2,525	2,525
Total	2,525	2,525	2,525	2,525

12.(j).(8) Financial Assets at Fair Value Through Profit or Loss - Quoted Shares

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December				
	Fair Value	Fair Value	Fair Value	Fair Value
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Banking, Finance and Insurance				
National Development Bank PLC	4	8	4	8
Commercial Bank of Ceylon PLC	18	28	18	28
DFCC Bank PLC	64	114	64	114
Central Finance PLC	13	20	13	20
Manufacturing, Plantations				
Chevron Lubricants Lanka PLC	48	56	48	56
Tokyo Cements Company PLC	38	71	38	71
Dipped Products PLC	102	179	102	179
Chemical Industries Colombo PLC	22	20	22	20
Hayleys PLC	68	130	68	130
Kotagala Plantations PLC	1	1	1	1
Service				
John Keels Holdings PLC	56	63	56	63
Aitken Spense PLC	285	182	285	182
Hemas Holdings PLC	71	84	71	84
Dialog Axiata PLC	30	39	30	39
Royal Palms Beach Hotels PLC	2	3	2	3
Asiri Surgical Hospital Holdings PLC	39	52	39	52
Ceylon Hospitals PLC	24	25	24	25
Total	887	1,073	887	1,073

13/14. PENSIONS, GRATUITY AND OTHER POST-EMPLOYMENT BENEFITS**ACCOUNTING POLICY****(a) Pensions and Other Post-Employment Benefits****Measurement**

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 as recommended by LKAS 19 - 'Employee Benefits'. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method. 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 Company nor can they be paid directly to the Company.

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.

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.

Recognition

Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI 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 Company recognises restructuring related costs.

Valuation of the employee defined benefit liability

The defined benefit obligation is calculated by a qualified Actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - "Employee Benefits". The actuarial valuation involves making assumptions about discount rate, salary increment rate and balance service period of employees. Due to the long-term nature of the plans such estimates are subject to significant uncertainty.

(b) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. GRATUITY BENEFIT LIABILITY/(ASSET)

The amounts recognised in the income statement are as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current service cost	(70,565)	64,315	(70,565)	64,315
Interest cost on benefit obligation	147,076	113,034	147,076	113,034
Expected return on plan assets	(745,562)	(423,798)	(745,562)	(423,798)
	(669,051)	(246,449)	(669,051)	(246,449)
Net actuarial gain/ (loss) recognised in other comprehensive income	(35,095)	(424,121)	(35,095)	(424,121)

The amounts recognised in the statement of financial position at the reporting date are as follows:

	Page	Note	GROUP		COMPANY	
			2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Present value of the defined benefit obligation	292	13.(a)	(863,793)	(1,232,825)	(863,793)	(1,232,825)
Fair value of plan assets	293	13.(b)	7,049,744	6,249,474	7,049,744	6,249,474
Net defined benefit obligation	294	13.(e)	6,185,951	5,016,649	6,185,951	5,016,649

13.(a) The Movement in the Defined Benefit Liability is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Defined Gratuity Benefit obligation of the company				
As at 1 January	1,232,825	1,409,404	1,232,825	1,409,404
Current service cost	(70,565)	64,315	(70,565)	64,315
Interest cost	147,076	113,034	147,076	113,034
Benefits paid	(104,882)	(114,841)	(104,882)	(114,841)
Actuarial (gains) / losses	(340,661)	(239,087)	(340,661)	(239,087)
As at 31 December	863,793	1,232,825	863,793	1,232,825
Gratuity Liability - Subsidiaries	8,474	12,274	-	-

As at 31 December 2022, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) Method by Consultant Actuary Mr K A Pandit as required by Sri Lanka Accounting Standard (LKAS) 19 - 'Employee Benefits'.

According to LKAS 19 - Employee Benefits, the re-measurements of the net defined benefit liability, assets, which comprise actuarial gains and losses are recognised in Other Comprehensive Income.

13.(b) The movement in the plan assets is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 January	6,249,474	5,284,271	6,249,474	5,284,271
Contribution Paid by employer	535,345	633,810	535,345	633,810
Expected return on plan assets	745,562	423,798	745,562	423,798
Actuarial gains /(Loss)	(375,756)	22,437	(375,756)	22,437
Benefit Paid	(104,882)	(114,841)	(104,882)	(114,841)
As at 31 December	7,049,744	6,249,474	7,049,744	6,249,474

13.(c) Details of Plan Assets:

The distribution of the Plan Assets at the reporting date is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 31 December				
Investment in shares	4,880,704	4,495,489	4,880,704	4,495,489
Fixed Deposits	1,135,199	1,349,425	1,135,199	1,349,425
Other Assets	1,033,841	404,560	1,033,841	404,560
Total Plan Assets	7,049,744	6,249,474	7,049,744	6,249,474

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.

Gratuity funds' Plan Assets include investment in equity shares of Ceylinco Insurance PLC, market value amounting to Rs. 4,880,704,000 as at the reporting date. (2021 - Rs. 4,495,489,000).

13.(d) Principal Actuarial Assumptions

The principal actuarial assumptions used in determining the gratuity benefit obligation for the Group's plan assets are as follows:

	2022	2021
Financial Assumptions		
Future salary increases	15.00%	10.00%
Discount rate	17.80%	11.93%
Expected rate of return on plan assets	17.80%	11.93%
Demographic Assumptions		
Retirement Age	60 Yrs	55 Yrs
Attrition Rate	1%	1%
Mortality Table	IALM2006-08	IALM2006-08

During the year 2022, the retirement age of the employees were revised to comply with the new legal requirements in the Country. As result of this Amendment to the plan, the defined benefit obligation of the Group and the Company decreased by Rs. 4.5 Million and Rs. 3.2 Million respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13.(e) Change in the defined benefit obligation and fair value of the plan assets

Group/ Company

2022	AMOUNTS CHARGED TO PROFIT OR LOSS						REMEASUREMENT GAINS/(LOSSES) IN OTHER COMPREHENSIVE INCOME					
	As at 01 January	Service cost	Net interest	Sub total included in profit or loss	Benefit paid	Return on plan assets (Excluding amounts included in net interest expenses)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Actuarial Gains/(Losses)	contribution by employers	As at 31 December
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,232,825)	70,565	(147,076)	(76,511)	104,882	-	-	59,620.36	281,040.73	340,661	-	(863,793)
Fair value of plan assets	6,249,474	-	-	-	(104,882)	745,562	-	-	(375,756)	(375,756)	535,345	7,049,744
Benefit assets/(Liability)	5,016,649	70,565	(147,076)	(76,511)	-	745,562	-	59,620	(94,715)	(35,095)	535,345	6,185,951

2021	AMOUNTS CHARGED TO PROFIT OR LOSS						REMEASUREMENT GAINS/(LOSSES) IN OTHER COMPREHENSIVE INCOME					
	As at 01 January	Service cost	Net interest	Sub total included in profit or loss	Benefit paid	Return on plan assets (Excluding amounts included in net interest expenses)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Actuarial Gains/(Losses)	contribution by employers	As at 31 December
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,409,404)	(64,315)	(113,034)	(177,349)	114,841	-	(313)	266,587	(27,187)	239,087	-	(1,232,825)
Fair value of plan assets	5,284,270	-	-	-	(114,841)	423,798	-	-	22,437	22,437	633,810	6,249,474
Benefit assets/(Liability)	3,874,866	(64,315)	(113,034)	(177,349)	-	423,798	(313)	266,587	(4,750)	261,524	633,810	5,016,649

Gratuity benefit asset has been in excess of the Gratuity benefit liability due to share investment which has share appreciation annually.

Retirement age - 60 Years

13.(f) A quantitative sensitivity analysis for significant assumptions are as follow:

Sensitivity level		DISCOUNT RATE		RATE OF FUTURE SALARY INCREASE		RATE OF EMPLOYEE TURNOVER	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
		1%	1%	1%	1%	1%	1%
Impact on defined benefit obligation (Rs. Mn)	2022	(68,246)	77,296	78,575	(70,381)	16,512	(18,363)
Impact on defined benefit obligation (Rs. Mn)	2021	(50,223)	56,401	56,902	(51,496)	6,911	(7,628)

13.(g) Method and Assumptions Used in Preparing the Sensitivity Analysis

The above sensitivity analyses are based on a change in significant assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method "Projected Unit Credit method (PUC)" has been applied as when calculating the defined benefit obligation recognised in the balance sheet as at the reporting date. The methods and types of assumptions used in preparing the sensitivity did not change compared to the prior period. However, the discount rate has changed from 11.93% to 17.8% during the year to reflect the increment in market interest rates and future salary increment rate has changed from 10.0% to 15.0% to be in line with the economic variables.

13.(h) Following payments are expected contributions to the defined benefit plan obligation in the future years

	2022	2021
	Rs.'000	Rs.'000
Within the next 12 Months	25,853	451,382
2nd Following Year	20,251	46,490
3rd Following Year	26,825	121,637
4th Following Year	42,731	130,781
5th Following Year	76,013	85,239
Between 5 and 10 Years	1,099,329	607,850
Sum of Years 11 and above	7,374,475	1,423,839

14. PENSION BENEFIT OBLIGATION

The Company 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.

As at 31 December 2022, and as at the end of the comparative period the pension liability was actuarially valued under the Projected Unit Credit (PUC) method as required by Sri Lanka Accounting Standard (LKAS) 19 - 'Employee Benefits'.

Pension benefit obligation is valued by K A Pandit Actuarial Valuers.

According to LKAS 19 - Employee Benefits, the re-measurements of the net defined benefit liability, assets, which comprise actuarial gains and losses are recognised in Other Comprehensive Income.

14.(a) Change in the defined benefit obligation and fair value of the plan asset

Pension benefit asset has been excess over the Pension benefit liability due to share investment which has share appreciation annually.

Group/ Company

	REMEASUREMENT GAINS/(LOSSES) IN OTHER COMPREHENSIVE INCOME														
	As at 01 January	Disposal of Plan Assets	Current Service cost	Interest cost on benefit obligation	Sub total Included in Profit/ Loss	Benefit paid	Return on plan assets (excluding amounts in net interest expenses)	Past service costs recognised	Recognised in Income Statement	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Actuarial Gains/ (Losses)	Contributions by employer	As at 31 December
Defined benefit Obligation	(837,875)	-	-	(74,326)	(74,326)	4,768	-	-	(69,557)	-	638,763	19,700	658,463	-	(248,969)
Fair value of plan assets	1,429,859	-	-	-	(4,768)	114,389	-	109,620	-	-	(67,817)	(67,817)	42,775	1,514,437	
Total recognised benefit (liability) / Asset	591,984	-	-	(74,326)	(74,326)	-	114,389	-	40,063	-	638,763	(48,117)	590,646	42,775	1,265,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REMEASUREMENT GAINS/(LOSSES) IN OTHER COMPREHENSIVE INCOME

2021	As at 01 January	Disposal of Plan Assets	Current Service cost	Interest on benefit obligation	Sub total Included in Profit/Loss	Benefit paid	Return on plan assets (excluding amounts in net interest expenses)	Past service costs recognised	Recognised in Income Statement Note	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Actuarial Gains/ (Losses)	Contributions by employer	As at 31 December
Defined benefit Obligation	(774,136)	-	(195)	(70,515)	(70,710)	4,768	-	-	(65,942)	-	-	2,203	2,203	-	(837,875)
Fair value of plan assets	1,287,726	-	-	-	-	(4,768)	103,276	-	98,507	-	-	850	850	42,775	1,429,859
Total recognised benefit (liability) / Asset	513,590	-	(195)	(70,515)	(70,710)	-	103,276	-	32,565	-	-	3,054	3,054	42,775	591,984

14.(b) Distribution of Plan Asset

The distribution of the Plan Assets at the reporting date is as follows:

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investment in shares	835,452	787,729	835,452	787,729
Other Assets	678,983	642,128	678,983	642,128
Total Plan Assets	1,514,435	1,429,857	1,514,435	1,429,857

Plan Assets include investment in equity shares of Ceylinco Insurance PLC, market value amounting to Rs. 835,452,041 /- at the Reporting date. (2021 - Rs. 787,729,469 /-)

14.(c) Principal Actuarial Assumptions

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below:

	2022	2021
Financial Assumptions		
Future salary increases	15%	10%
Discount rate	17.80%	8.02%
Expected rate of return on plan assets	17.80%	8.02%
Demographic Assumptions		
Attrition rate	1% p.a	1% p.a
Retirement age	60 Yrs	55Yrs
Mortality Table	IALM2006-08	IALM2006-08

14.(d) A quantitative sensitivity analysis for significant assumption as at 31 December are as follow:

Sensitivity level	DISCOUNT RATE	
	Increase	Decrease
	1%	1%
Impact on defined benefit obligation (Rs. Mn) 2022	(11,259)	12,239
Impact on defined benefit obligation (Rs. Mn) 2021	(20,894)	22,247

14.(e) Method and Assumptions Used in Preparing the Sensitivity Analysis

The above sensitivity analysis is based on the change in discount rate. The method and type of assumption used in preparing the sensitivity did not change compared to the prior period. However, the discount rate has changed from 8.02% to 17.80% during the year to reflect the increment in market interest rates.

15. REINSURANCE RECEIVABLES**ACCOUNTING POLICY**

Reinsurance receivables consist of short term balances due from reinsurers that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policies and are in accordance with the related reinsurance contract. Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists.

Impairment

Reinsurance assets are reviewed for impairment at each Reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group/Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group/Company will receive from the reinsurer. The impairment loss is recorded in the Income Statement.

Derecognition

Reinsurance assets are de-recognised when the contractual rights are extinguished or expired or when the contract is transferred to an another party.

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Reinsurance Receivable - Swiss Re	168,885	92,993	168,885	92,993
Reinsurance Receivable - Munich Re	299,437	219,405	299,437	219,405
Reinsurance Receivable - RGA	31,495	79,773	31,495	79,772
Total Reinsurance Receivables	499,817	392,170	499,817	392,170

The carrying amounts disclosed above is in respect of the reinsurance of insurance contracts approximate fair value at the reporting date.

15.(a) The age analysis of the reinsurance receivable

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Up to 90 Days	120,260	138,407	120,260	138,407
91-180 Days	45,530	45,175	45,530	45,175
181- 365 Days	105,749	89,870	105,749	89,870
More than 365 Days	228,278	118,718	228,278	118,718
Total	499,817	392,170	499,817	392,170

15.(b) Fair Value Measurement

The carrying value of reinsurance receivables approximate the fair value at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15.(c) Impairment Losses on Reinsurance Receivables

The Company has assessed potential impairment loss of reinsurance receivables as at 31 December 2022 and the Company does not identify any objective evidences which require an impairment to its reinsurance receivable. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date.

15.(d) Collateral Details

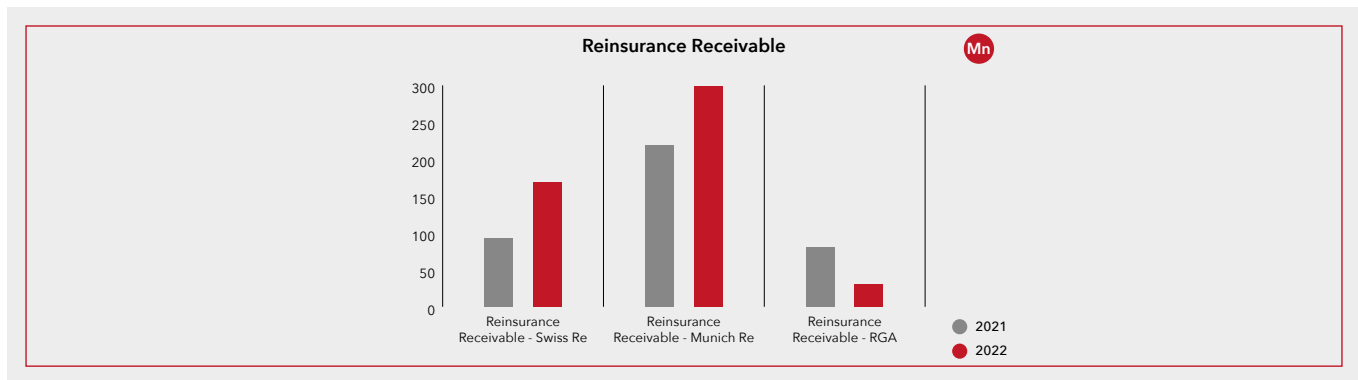
The Group does not hold any collateral as security against potential default by reinsurers.

15.(e) Reinsurance Receivables on Outstanding Claims

The reinsurance portion of the outstanding claims has not been materialised, since the insurance claim has not been paid as at the reporting date.

15.(f) Financial risk associated with reinsurance receivable

Refer pages 197 to 205 for reinsurance risk described under Risk Management Report.



FINANCIAL STATEMENTS

16. TAXATION

ACCOUNTING POLICY

Income Tax Expense

Income tax expense comprises current and deferred tax. It is recognised in the Income Statement except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The Company is liable to pay income tax in accordance with the provisions of the Inland Revenue Act, No.24 of 2017 and subsequent amendments thereto. Income tax rates applicable for year 2022 as per the act are stipulated as follows:

1. Surplus distributed to shareholders from Life Insurance business as certified by appointed actuary @ 24% - 30%
2. Investment Income of Shareholder fund less any expenses incurred in the production of such income @ 24% - 30%
3. Bonuses Distributed to policyholders @ 24% - 30%
4. Realization of capital gains @ 10% - 30%
5. Dividend Income @ 14% - 15%

Ceylinco Health Care Services Ltd is liable to pay income taxes on below rates for year 2022 as per the act.

1. Business income @ 14% - 30%
2. Investment income @ 24% - 30%

Ceylinco Serene Resorts Ltd is liable to pay income taxes on below rates for year 2022 as per the act.

1. Business income @ 24% - 30%
2. Investment income @ 24% - 30%

(ii) Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly-controlled entities to the extent that the Group/ Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group/Company expects, at the end of the Reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, except:

- When 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, equity accounted investee and interests in joint ventures, deferred tax assets are recognized 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 utilized.

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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits 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 in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws and the amount and timing of future taxable income. Given the long term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

(iii) Significant Judgment

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

(iv) Transfer pricing

As prescribed in Inland Revenue Act No. 24 of 2017 and gazette notification on transfer pricing Group and Company have complied with the arm's length principles relating to transfer pricing.

(v) Withholding Tax on Dividends

Withholding tax that arises from the distribution of dividends by the Company is recognized at the time the liability to pay the related dividend is recognized. WHT rate applicable for the year 2022 is 14% where as it will be increased to 15% WEF 01.01.2023

16.(a) Movement of Tax Receivable

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 January	6,376	7,515	-	-
Estimated tax expense for the period	(2,228,038)	(1,834,398)	(2,228,038)	(1,834,398)
Tax Payable Recognized	1,735,127	1,368,353	1,735,127	1,368,353
Notional tax/ WHT recognized	492,910	466,045	492,910	466,045
Tax Written Off	-	(1,139)	-	-
As at 31 December	6,376	6,376	-	-

16.(b) Details of Tax Receivables

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 31 December				
Income Tax Paid In Advance	2,603	2,603	-	-
WHT Receivable	3,773	3,773	-	-
Total	6,376	6,376	-	-

16.(c) Deferred Tax Liability- Group

	INCOME STATEMENT		OTHER COMPREHENSIVE INCOME STATEMENT		STATEMENT OF FINANCIAL POSITION	
	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Losses carried forward	(75,112)	2,658	-	-	74,444	(667)
Temporary Difference from Retirement Benefit Liability - Gratuity	(189)	80	227	120	(542)	(504)
Temporary Difference from Property Plant and Equipment	117,204	26,938	113,057	23,986	(334,952)	(104,692)
Temporary Difference from Investment Properties	(87,180)	83,476			(53,436)	(140,616)
Temporary Difference from Revaluation Reserve	-	-	92,536	(36,569)	(198,397)	(105,861)
Temporary Difference from Available for sale Financial Assets	-	-	4,601	14,362	(58,765)	(54,164)
Deferred Tax on Share of profit of Associate	35,337	90,123	-		(560,545)	(525,208)
Deferred Tax Expense/ (Income)	(9,940)	203,276	210,421	1,899	-	-
Deferred Tax Liability					(1,132,194)	(931,714)
Total Deferred Tax Liability						
					GROUP	
					2022	2021
					Rs.'000	Rs.'000
As at 1 January					931,714	726,539
Amounts recorded in the income statement					(45,277)	113,153
Amounts recorded in other comprehensive income					210,421	1,899
Deferred Tax on Share of profit of Associate					35,337	90,123
As at 31 December					1,132,194	931,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16.(d) Deferred Tax Liability - Company

	INCOME STATEMENT		OTHER COMPREHENSIVE INCOME STATEMENT		STATEMENT OF FINANCIAL POSITION	
	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Temporary Difference from Property Plant and Equipment	29,541	24,579		-	(86,594)	(57,053)
Temporary Difference from Investment Properties	22,224	104,644			(184,008)	(161,784)
Temporary Difference from Revaluation reserve			92,536	(36,569)	(249,329)	(3,233)
Temporary Difference from Available for sale financial assets		-	4,601	14,362	(7,833)	(156,793)
Deferred Tax Expense/ (Income)	51,765	129,223	97,137	(22,207)		
Deferred Tax Liabilities					(527,765)	(378,863)

Total Deferred Tax Liability

	COMPANY	
	2022	2021
	Rs.'000	Rs.'000
As at 1 January	378,863	271,847
Amounts recorded in the income statement	51,765	129,223
Amounts recorded in other comprehensive income	97,137	(22,207)
As at 31 December	527,765	378,863

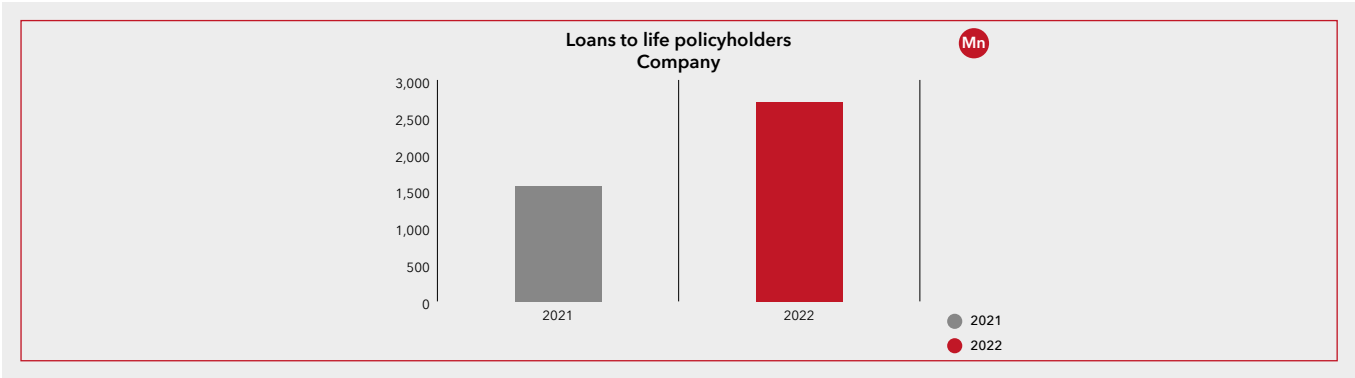
17. LOANS TO POLICY HOLDERS

ACCOUNTING POLICY

Policyholder Loans are granted up to 90% of the surrender value of a Life Insurance Policy at a rate equivalent to market rate. Policyholder loans are initially measured at Fair value of Loan amount granted and subsequently measured at the amortised cost. If the policyholder dies before the full repayment of the loan, the loan balance is deducted from the death benefit. Policyholder Loans are reviewed for impairment at each reporting date. Loans receivable as at reporting date as follows.

17.(a) Movement of Policy Loans

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 January	1,561,981	1,282,725	1,561,981	1,282,725
Loans Granted During the Period	2,397,597	1,416,462	2,397,597	1,416,462
Repayment During the Period	(1,255,955)	(1,137,207)	(1,255,955)	(1,137,207)
Total Policyholder Loans as at 31 December	2,703,623	1,561,981	2,703,623	1,561,981



17.(b) Fair value of loans to policyholders

The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates.

17.(c) Concentration risk of loans to policyholders

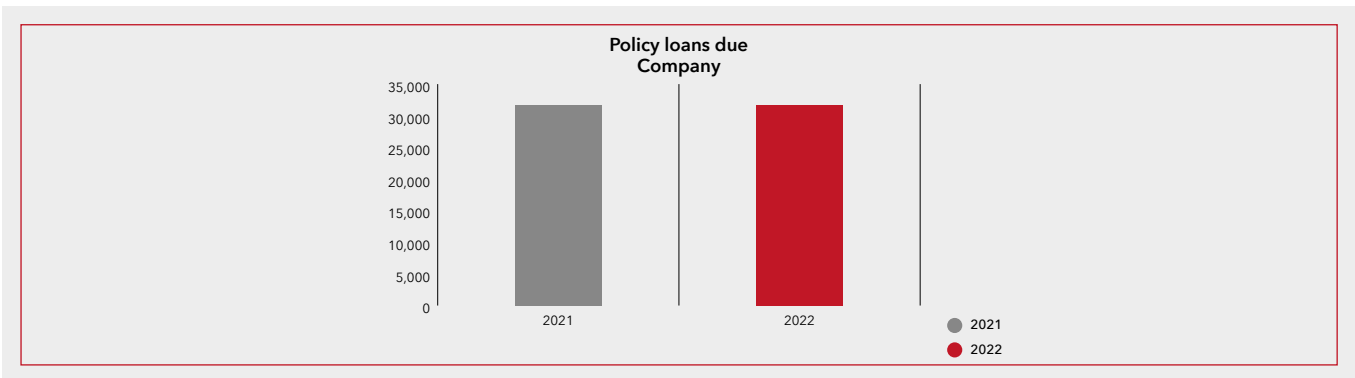
There is lower concentration of credit risk with respect to policyholders, as the company has a large number of dispersed receivables. The total receivable of the loan, including interest due and accrued, exceeds the cash surrender value, the policy terminates and becomes void. The Company has a first lien on all policies which are subject to policy loans. This mitigates the Company's credit exposure on Policy Loans.

17.(d) Impairment of loans to policyholders

The Company has assessed the potential impairment loss of Loans to Life Policyholders as at 31 December 2022. 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.(e) Number of Policy Loans

Number of policy loans due as at 31 December 2022 was 31,755 (2021 - 32,247)



17.(f) Collateral Details

The company does not hold any collateral as security against potential default by policyholders other than surrender value.

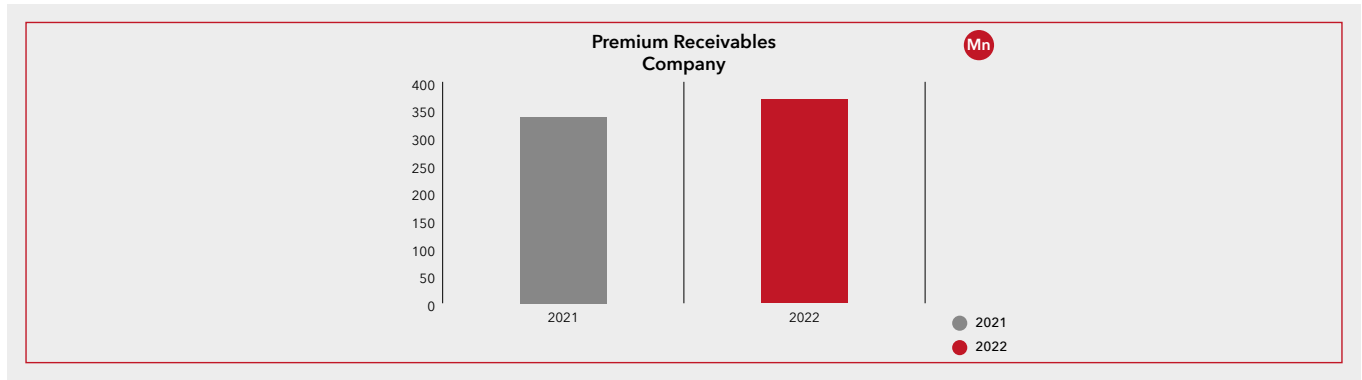
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PREMIUM RECEIVABLES

ACCOUNTING POLICY

Premium receivables are recognised when due and measured on initial recognition at the fair value of the consideration 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 de-recognised when the de-recognition criteria for financial assets have been satisfied.

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Premium Receivables	368,089	336,496	368,089	336,496
Total	368,089	336,496	368,089	336,496



FINANCIAL STATEMENTS

18.(a) Premium Receivables from Related Parties

There is no premium receivables from related parties as at the reporting date.

18.(b) Fair value of Premium Receivable

The carrying value of premium receivable approximates Fair Value at the reporting date.

18.(c) Concentration Risk of Premium Receivable

There is lower concentration of credit risk with respect to premium receivables, as the company has a large number of dispersed receivables.

18.(d) Impairment of Premium Receivable

The Company has assessed the potential impairment loss of Premium Receivables as at 31 December 2022. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of Premium Receivables.

18.(e) Collateral Details

The company does not hold any collateral as security against potential default by policyholders.

19. OTHER ASSETS**ACCOUNTING POLICY****Inventories**

Inventories include all consumable items and are measured at the lower of cost and net realisable value. Cost is generally determined by reference to weighted average cost. Net realisable value is the estimated market price in the ordinary course of business less any estimated expense to sell. The cost of the inventories include all expenses incurred in bringing inventories to the present location and condition.

Having evaluated the nature of the inventories held by the Group, the Group has assessed whether there is any impact to net realizable value of the inventories and assessed whether it was required to adjust the carrying value of the inventory. The Group has not identified any circumstances where adjustments are required to reduce the carrying value of the inventories.

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Advances, Deposits & Prepayments	1,951,277	379,110	1,697,690	116,673
Inventories	80,966	35,280	77,954	32,386
Deferred staff benefits	72,985	53,544	72,985	53,544
Total Other Assets	2,105,228	467,934	1,848,629	202,603

20. CASH AND CASH EQUIVALENTS**ACCOUNTING POLICY**

Cash and cash equivalents comprise cash in hand and cash at bank. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash in hand and at Bank	332,261	421,856	405,331	494,350
Bank Overdraft	(731,161)	(450,203)	(725,523)	(404,397)
Total Cash and Cash Equivalents	(398,900)	(28,347)	(320,192)	89,953

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

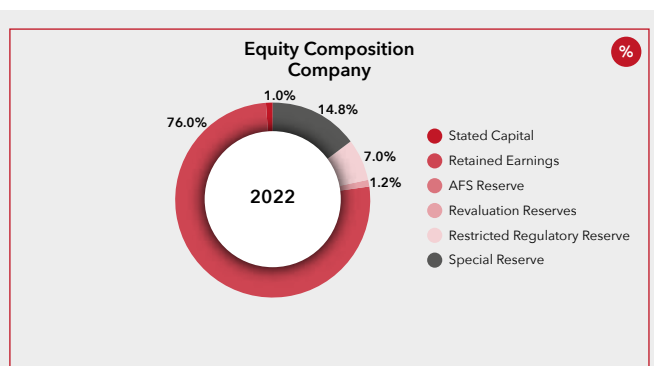
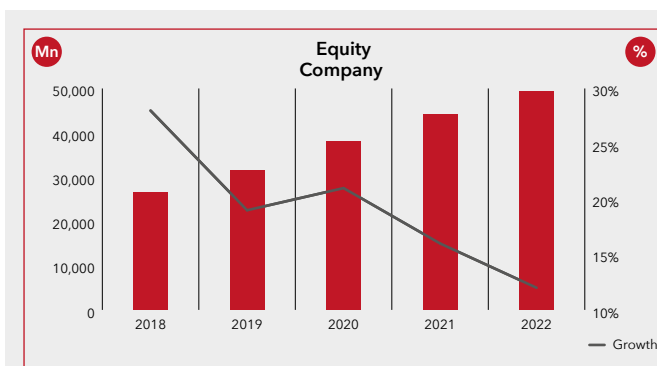
20.(a) Cash Pledged as Security for Liabilities

The company has obtained a Bank Guarantee facility from Seylan Bank PLC and National Development Bank PLC, being the 25% of sum assessed by the Commissioner General of Inland Revenue (Refer note 42 C for details on "Assessment from Department of Inland Revenue:").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 EQUITY

As at 31 December			GROUP		COMPANY	
	Page	Note	2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Ordinary Shares - Voting	306	21.(a)	500,001	500,001	500,001	500,001
Other Reserves	306	21.(b)	52,993,408	47,621,933	48,899,011	43,694,032
Total Equity			53,493,408	48,121,933	49,399,012	44,194,033



21.(a) Ordinary Shares - Voting (Stated Capital)

ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

As at 31 December			GROUP		COMPANY	
	No. of Shares	No. of Shares	2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Ordinary Shares - Voting	50,000,050	50,000,050	500,001	500,001	500,001	500,001
Total	50,000,050	50,000,050	500,001	500,001	500,001	500,001

All issued shares are fully paid. There is one class of ordinary shares. All shares issued carry equal voting rights. 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. 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.

21.(b) Other Reserves

As at 31 December			GROUP		COMPANY	
	Page	Note	2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Retained Earnings	307	21.(c)	41,227,449	35,992,934	37,530,856	32,400,318
Available for Sale Reserve	307	21.(d)	18,552	29,368	18,552	29,369
Revaluation Reserve	307	21.(e)	979,571	831,796	581,769	496,512
Restricted Regulatory Reserve	308	21.(g)	3,456,184	3,456,184	3,456,184	3,456,184
Special Reserve	308	21.(f)	7,311,651	7,311,651	7,311,651	7,311,651
Total			52,993,407	47,621,933	48,899,012	43,694,032

21.(c) Retained Earnings

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 January	35,992,934	28,984,774	32,400,318	26,408,326
Profit for the Period	8,163,769	7,587,159	7,631,777	6,774,491
Other Comprehensive Income for the period	337,144	368,753	555,552	264,577
Dividend Paid to Equity Holders for Previous Year	(787,501)	(782,500)	(787,501)	(782,500)
Dividend Paid to Equity Holders for Current Year	-	-	-	-
Transferred to Long Term Insurance Fund	(555,552)	(264,577)	(555,552)	(264,576)
Surcharge Taxes Paid	(1,713,738)	-	(1,713,738)	-
Associate Change in Equity	(209,606)	99,326	-	-
Total	41,227,449	35,992,934	37,530,856	32,400,318

21.(d) Available for Sale Reserve

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 January	29,368	102,623	29,368	102,623
Other Comprehensive Income for the period				
Fair value changes recorded during the year	(125,719)	(523,162)	(125,719)	(523,163)
Amortization of previously recognised fair value changes in OCI (Refer note 12.c.2)		(12,820)		(12,820)
Transferred to Long Term Insurance Fund	114,903	462,729	114,903	462,729
Total	18,552	29,368	18,552	29,368

The Available for Sale reserves comprises the cumulative net change in the fair value of Available for Sale financial instrument held by the Group and the Company as at 31 December 2022 and amortization of previously recognised fair value changes in OCI for the AFS assets of which reclassified during the period.

21.(e) Revaluation Reserve

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 January	831,796	625,581	496,512	366,251
Other Comprehensive Income for the period	1,549,156	888,292	1,486,637	812,338
Transferred to Long Term Insurance Fund	(1,401,380)	(682,077)	(1,401,380)	(682,077)
Total	979,572	831,796	581,769	496,512

The Revaluation Reserve relates to the gain of revaluation of property, plant and equipments recognised in Equity through OCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21.(f) Special Reserve

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Special Reserve	7,311,651	7,311,651	7,311,651	7,311,651
Total	7,311,651	7,311,651	7,311,651	7,311,651

The special reserve represents the value (net book value) of net assets transferred from Ceylinco Insurance PLC on 1 June 2015 as a result of the segregation.

21.(g) Restricted Regulatory Reserve

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Restricted Regulatory Reserve	3,456,184	3,456,184	3,456,184	3,456,184
Total	3,456,184	3,456,184	3,456,184	3,456,184

Restricted Regulatory reserve was created as a 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 - Identification and Treatment of One-off Surplus, issued by the IRCSL on 20th March 2018. Complying with the same, the transfer made from Policyholders' Fund to Shareholders' fund is limited to the 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 Direction 16.

The Company's One-off Surplus is equal to the minimum One-off Surplus prescribed in the recommendations in Direction 16. The basis is same for both participating business and other than participating business.

The composition of the One-off Surplus in different classes of business is as follows:

	Rs.000
Composition of One-off Surplus	
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 the requirements for distribution under Direction 16 and prior approval from the IRCSL. The One-off Surplus in the Shareholders' Fund is required to be invested in Government Debt Securities and Deposits to fully support the amount of the One-off Surplus at any given time on a market value basis.

One-off surplus of participating business amounting 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 investments held to support the Restricted Regulatory Reserves (One-off Surplus for other than participating business) as at 31 December 2022 is disclosed below:

	(Rs. 000)	(Rs. 000)
Investments Supporting One-off Surplus (based on market values)		
Government Debt Securities		745,439
Deposits with licensed commercial banks		
a) Sampath Bank PLC	538,753	
a) National Development Bank PLC	970,969	
b) Bank of Ceylon	1,296,324	2,806,046
Total		3,551,485

22. INSURANCE CONTRACT LIABILITIES

ACCOUNTING POLICY

(a) Classification of Insurance Contracts

SLFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

Insurance contracts are contracts under which one party (the Insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The classification of contracts identifies both, the insurance contracts that the Company issues and reinsurance contracts that the Company holds.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception, if insurance risk becomes significant. Insurance and investment contracts are further classified as being either with or without discretionary participating features (DPF).

(b) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Unit-Linked Contracts

Unit-Linked contracts are those contracts that do not meet the definition of insurance or investment contracts with discretionary participating features. For these Unit-Linked contracts, the liabilities are valued at current unit value, i.e., on the basis of the fair value of the financial investments backing those contracts at the reporting date together with rights to future management fees.

(d) Life Insurance Contract Liabilities

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 'Increase in life insurance contract liabilities'.

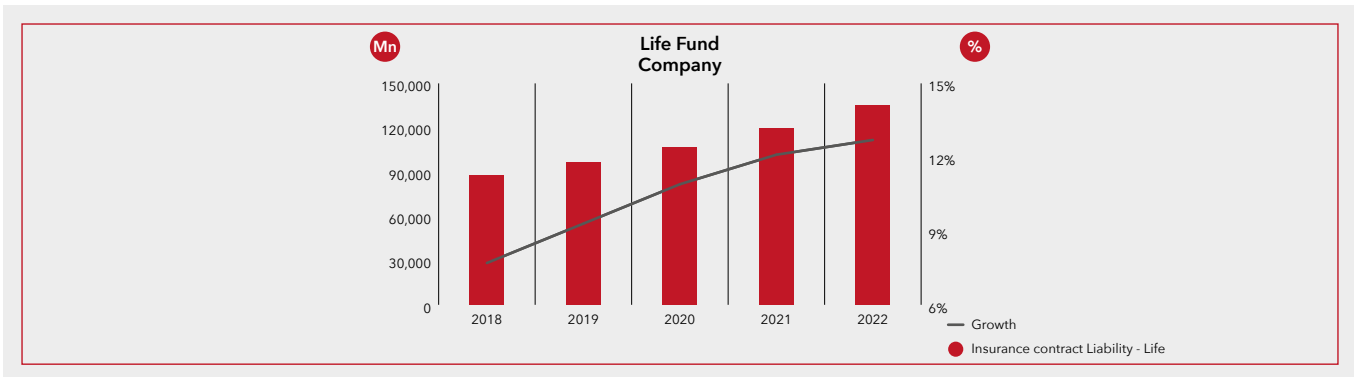
The liability is released when the contract expires, discharged or cancelled.

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.

For products containing DPF, the amount of the DPF is deemed to be the investment return on all related assets, where the apportionment between the shareholder and the policyholder has not yet been determined. The liability includes certain elements of net unrealised gains/(losses) and retained earnings attributable to the DPF, based on the mandated rates applied to these gains and earnings on the assumption that they had been realised as of the Statement of Financial Position date.

The minimum mandated amounts, which are to be paid to policyholders plus any declared/undeclared additional benefits, are recorded in liabilities.

FINANCIAL STATEMENTS



22.(a) Liability Adequacy Test (LAT)

At each Reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequacy test as laid out under SLFRS 4. The liability value is adjusted to the extent that it is sufficient to meet future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows to the extent that the test involves discounting of cash flows, the interest rate applied based on management's prudent expectation of current market interest rates. Any deficiency shall be recognised in the Income Statement by setting up a provision for liability adequacy.

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Insurance Contract Liability - Long Term	134,888,219	119,637,160	134,885,839	119,634,780
Insurance Contract Liability - Unit Linked	254,911	318,852	254,911	318,852
Insurance Contract Liability - Takaful	16,087	15,973	16,087	15,973
Individual Investment Fund (ISF)	392,339	351,441	392,339	351,441
Total Insurance Contract Liabilities	135,551,556	120,323,427	135,549,176	120,321,047

The Company's actuaries have performed Liability Adequacy Test in accordance with SLFRS -4 Insurance Contracts requirements.

The valuation of the Life Insurance business as at 31 December 2022 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 2022 the Consulting Actuary has approved a transfer of Rs. 4.54 Bn (2021 - Rs.4.5 Bn) from the Life Fund to the Shareholder's Retained Profit Account.

The Company's Capital Adequacy Ratio (CAR) as at 31 December 2022 is 298% (2021- 397%) and is well above the minimum requirement of 120%.

Key Assumptions

The company exercises a significant judgment in determining the policy liabilities and in selecting assumptions. The key assumptions for 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 Company 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 Company's 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 Insurance Board of Sri Lanka every quarter.

Fund-based yield

Fund-based yield was used in the participating fund to discount the cash flows for corresponding durations where total benefits are considered.

Management Expense

The assumptions for management expenses are determined based on the expense investigation into the expenses of the Company over the last four calendar years. Each expense is classified as acquisition/maintenance/termination and then classified as fixed/variable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During 2022, 410 death claims of amount Rs. 129.3 Mn and 3,990 hospitalisation claims of amount Rs. 52.6 Mn reported during the year 2022 reported to the Company. Further, it was observed that there was decreasing trend in COVID-19 claims with only 4.4% of the number of claims reported in fourth quarter of the year (October 2022 to December 2022). These claims are not observed to be material and the impacts of these claims are already reflected within the Statement of Financial Position as at 31 December 2022. The economic impacts of COVID-19 pandemic have been appropriately allowed for in the pragmatic future reinvestment rates assumed for determination of participating fund yield assumptions used for discounting of participating business liabilities (participating business forms 50.1% of the total liabilities of the Company) as at 31 December 2022. The appointed actuary (WTW) believes that the interest rates used for determination of liabilities appropriately covers for economic risks faced by Ceylinco Life due to COVID-19 pandemic.

Further, SLFRS 4 requires an insurer to assess whether its recognized insurance liabilities are adequate at the end of each reporting period. Observed impact of COVID-19 pandemic was considered for the Liability Adequacy Test performed as at 31 December 2022 and the same was conducted to reflect most probable estimates of assumptions (with some degree of prudence) and using professional judgement liaising with company's Appointed Actuaries (Willis Towers Watson India Private Limited). As at the reporting date, liability adequacy test was performed by the Appointed Actuary Mr. Vivek Jalan FIA, FIAI of Willis Towers Watson India Private Limited and concluded that, the liability value has been determined on a "going concern" basis and assumes a continuation of current economic, regulatory and legal environment prevailing in Sri Lanka; and are considered sufficient to meet future benefits and expenses under what is believed to be a view of the "most probable" future experience.

Effect of taxation on Surplus/Bonus Transferred to Policyholders

According to the Section 67 (2) of new Inland Revenue Act No. 24 of 2017 which is effective from 1st April 2018, the surplus distributed to the Life Policyholders shall be deemed as gains and profit from the life insurance business and will be taxed at concessionary rate of 14% for three years of assessments commencing from 01 April 2018. However, Company is liable for tax rate at 24% for bonuses declared during the year 2022 as such concession is now over. For the year, Company declared and paid a bonus of Rs. 510.5 Mn (2021- Rs. 515.7 Mn) to its Life Policyholders who is participating in the profits of the Life Insurance Business. The Company has charged a tax of Rs. 123.7 Mn (2021 - Rs. 68 Mn) on the said bonus which is payable to the Department of Inland Revenue as of the reporting date.

22.(b) Life Insurance Contract Liabilities

The following tables shows the concentration of life insurance contract liabilities by type of contracts.

	Insurance Contract Liabilities with DPF	Insurance Contract Liabilities without DPF	Total Gross Insurance Contract Liabilities
	Rs.'000	Rs.'000	Rs.'000
As at 1 January 2022	65,991,218	53,643,561	119,634,779
Gross Premium Income	5,618,758	23,541,406	29,160,164
Premiums ceded to reinsurers	(27,177)	(445,020)	(472,197)
Liabilities paid for death, maturities, surrenders, benefits and claims	(8,639,102)	(10,813,757)	(19,452,859)
Investment return	7,157,209	8,611,394	15,768,603
Reinsurance commission income	4,904	88,209	93,113
Other operating and Admin Expenses Including Income Tax	(1,095,532)	(3,725,041)	(4,820,573)
Underwriting and net Acquisition Cost	(497,114)	(1,574,417)	(2,071,531)
Net Transfer to Shareholder	(288,763)	(4,540,000)	(4,828,763)
Increase in Pension Saver Fund	-	1,376,919	1,376,919
Revaluation Reserve and AFS Reserve Transferred to Life Fund	1,545,004	(1,046,821)	498,183
As at 31 December 2022	69,769,405	65,116,433	134,885,838

	Insurance Contract Liabilities with DPF	Insurance Contract Liabilities without DPF	Total Gross Insurance Contract Liabilities
	Rs.'000	Rs.'000	Rs.'000
As at 1 January 2021	62,484,450	44,252,927	106,737,377
Gross Premium Income	5,925,481	19,547,270	25,472,751
Premiums ceded to reinsurers	(23,031)	(284,142)	(307,173)
Liabilities paid for death, maturities, surrenders, benefits and claims	(6,456,586)	(7,138,049)	(13,594,635)
Investment return	6,205,489	5,574,671	11,780,160
Other operating and Admin Expenses Including Income Tax	(1,899,158)	(2,818,970)	(4,718,128)
Underwriting and net Acquisition Cost	(596,538)	(1,733,989)	(2,330,527)
Net Transfer to Shareholder	(221,050)	(4,278,950)	(4,500,000)
Increase in Pension Saver Fund	-	609,493	609,493
Actuarial Gain/(Losses) from Employee Benefit Assets	131,971	132,606	264,577
Revaluation Reserve and AFS Reserve Transferred to Life Fund	440,190	(219,306)	220,884
As at 31 December 2021	65,991,218	53,643,561	119,634,780

23. FINANCIAL LIABILITIES

ACCOUNTING POLICY

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as Financial Liabilities at Fair Value through Profit or Loss, loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowing and amounts due to equity accounted investees.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

(a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at Fair Value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at Fair Value through Profit or Loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the Income Statement.

Financial liabilities designated upon initial recognition at Fair Value through Profit and Loss are so designated at the initial date of recognition, if and only if the criteria of LKAS 39 are satisfied.

(b) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Income Statement when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

De-recognition of Financial Liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Income Statement.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset de-recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the Consolidated Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

23.(a) Interest Bearing Borrowings

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December				
	Carrying Value	Carrying Value	Carrying Value	Carrying Value
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Commercial Bank of Ceylon PLC	-	951,142	-	951,142
Hatton National Bank PLC	-	2,259,792	-	2,250,912
Total	-	3,210,934	-	3,202,054

Company's Interest bearing borrowing as at 31 December 2021 represented a short term loan obtained from commercial banks with clean facility. No assets had been pledged as security for interest bearing loan.

23.(a).1 Interest Bearing Borrowings - Face value

	GROUP		COMPANY	
	2022	2021	2022	2021
As at 31 December				
	Face Value	Face Value	Face Value	Face Value
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Commercial Bank of Ceylon PLC	-	950,000	-	950,000
Hatton National Bank PLC	-	2,258,880	-	2,250,000
Total	-	3,208,880	-	3,200,000

23.(a).2 Interest Bearing Borrowings - Movement

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1st January	3,210,934	20,000	3,202,054	-
Addition During the Year	-	3,210,934	-	3,202,054
Settlement During the Year	(3,210,934)	(20,000)	(3,202,054)	
As at 31st December	-	3,210,934	-	3,202,054

23.(a).3 Interest Bearing Borrowings - Maturity

All interest bearing borrowings are payable within one year.

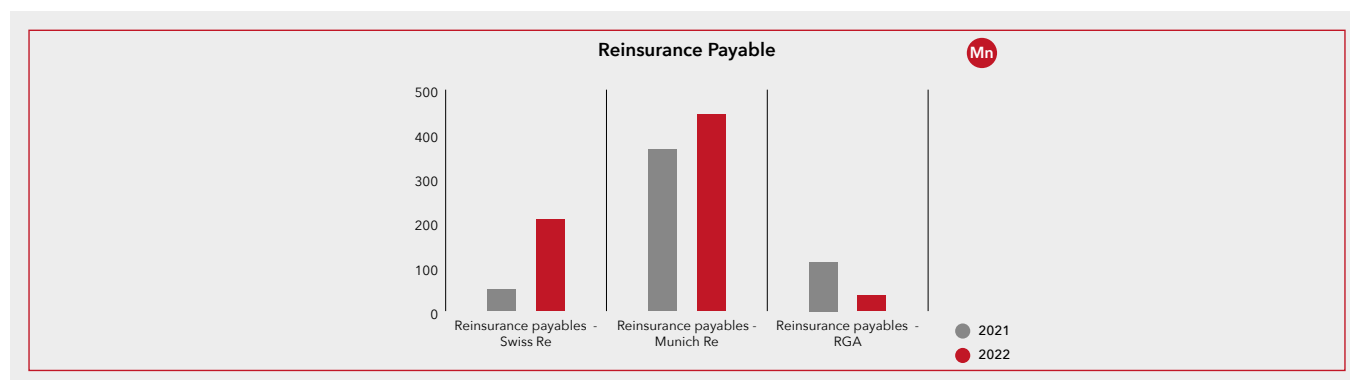
24. REINSURANCE PAYABLES

ACCOUNTING POLICY

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets or liabilities are de-recognized when the contractual rights are extinguished or expired or when the contract is transferred to an another party.

As at 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Reinsurance payables - Swiss Re	207,320	49,233	207,320	49,233
Reinsurance payables - Munich Re	442,865	365,034	442,865	365,034
Reinsurance payables - RGA	36,308	110,630	36,308	110,630
Total	686,493	524,897	686,493	524,897

The carrying amounts disclosed above is in respect of the reinsurance of insurance contracts approximate fair value at the reporting date.



24.(a) The age analysis of the reinsurance Payables

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Up to 180 Days	178,706	325,643	178,706	325,643
181- 365 Days	307,506	(81,598)	307,506	(81,598)
More than 365 Days	200,280	280,852	200,280	280,852
Total	686,492	524,897	686,492	524,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

(a) Insurance Payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

(b) Provisions

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. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

			GROUP		COMPANY	
			2022	2021	2022	2021
As at 31 December	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Policyholders payment in advance			968,677	918,730	968,677	918,730
Agency commission payable			319,137	359,691	319,137	359,691
Tax Payable	316	25.(b).1	1,504,866	1,171,365	1,495,268	1,171,365
Trade Creditors & Accrued Expenses			884,902	1,368,833	643,027	1,089,564
Unclaimed Death Claim Payable			129,947	149,565	129,947	149,565
Unclaimed Other Benefits Payable			880,576	797,190	880,576	797,190
Total			4,688,105	4,765,374	4,436,632	4,486,105

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

25.(b).1 Tax Payable

			GROUP		COMPANY	
			2022	2021	2022	2021
As at 31 December	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income Tax Payable	316	25.(b).1.(a)	1,463,898	1,117,112	1,454,300	1,117,112
Other Taxes and Levies			40,968	54,253	40,968	54,253
Total			1,504,866	1,171,365	1,495,268	1,171,365

25.(b).1.(a) Movement of Income Tax Payable

			GROUP		COMPANY	
			2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 January			1,117,112	818,066	1,117,112	818,066
Estimated tax charge in respect of the current year			2,245,713	1,834,398	2,235,219	1,834,398
Notional Tax / WHT Recovered			(493,806)	(466,045)	(492,910)	(466,045)
Payments made on-account during the year			(1,397,939)	(876,569)	(1,397,939)	(876,569)
Reversal of income tax over provision			(7,181)	(192,739)	(7,181)	(192,739)
As at 31 December			1,463,899	1,117,112	1,454,301	1,117,112

(c) Maturity Analysis

All amounts are payable within one year. References to the maturity analysis is given in Note 41.(j) on page 341.

26. NET PREMIUMS

26.(a) Gross Premiums

ACCOUNTING POLICY

Revenue Recognition

Gross recurring premiums are recognised as revenue when receivable from the policyholder. Premiums received in advance are not recognised as revenue but as a liability until the premiums become due. For single premium business, revenue is recognised on the date on which the policy is effective.

For the Year Ended 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Life insurance Premium	317	26.(b)	29,159,890	25,564,813	29,160,164	25,565,050
Gross Written Premiums			29,159,890	25,564,813	29,160,164	25,565,050

All product sold during the reporting period by the Company are insurance contracts and therefore, classified as Insurance Contracts as per SLFRS 4. The Company has not sold pure investment contracts for the Reporting Period.

26.(b) Life Insurance Premium

For the Year Ended 31 December	GROUP		COMPANY		Change %
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	
New Businesses	4,328,564	5,392,506	4,328,564	5,392,506	(19.73)
Single Premium	10,434,657	6,061,122	10,434,657	6,061,122	72.16
Renewal Premium	13,888,365	13,137,346	13,888,639	13,137,583	5.72
Group Life Premium	508,304	973,840	508,304	973,840	(47.80)
Total	29,159,890	25,564,813	29,160,164	25,565,050	14.06



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26.(c) Premiums Ceded to Reinsurers on Insurance Contracts

ACCOUNTING POLICY

Gross reinsurance premiums are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Reinsurance premiums are decided based on rates agreed with reinsurer and accounted an accrual basis.

For the Year Ended 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Life insurance	318	26.(d)	472,197	308,499	472,197	308,499
Premiums ceded to Reinsurers			472,197	308,499	472,197	308,499

26.(d) Premiums Ceded to Reinsurers

For the Year Ended 31 December	GROUP		COMPANY		Change %
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	
Reinsurance Receivable - Swiss Re	207,255	129,566	207,255	129,566	59.96
Reinsurance Receivable - Munich Re	228,634	145,472	228,634	145,472	57.17
Reinsurance Receivable - RGA	36,308	33,461	36,308	33,461	8.51
Total	472,197	308,499	472,197	308,499	53.06

2022 **2021**

26.(e) Annualised New Business Life Premium - Rs.

9,518,082,876 9,017,314,337

26.(f) Revenue From Subsidiaries

For the Year Ended 31 December	2022 Rs.'000	2021 Rs.'000
Ceylinco Healthcare Services Limited		
Revenue from Treatments	286,394	345,436
Medical Tests	13,678	19,629
Registration Fees	451	623
Refunds (Packages and Test) and Discounts	(274)	(12,508)
	300,249	353,180
Serene Resorts		
Resident Income	37,635	16,209
Group Adjustments	-	(4,688)
Total Revenue from Subsidiaries	337,884	364,701

27. FEES AND COMMISSION INCOME**ACCOUNTING POLICY****Reinsurance Commission Income**

Commission received or receivable in respect of premium paid or payable to a Reinsurer. Reinsurance commission income on outwards reinsurance contracts are recognised as revenue when receivable.

For the Year Ended 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Reinsurance commission income	93,113	117,855	93,113	117,855
Other fees	112,864	80,029	112,864	80,029
Total Fees and Commission Income	205,977	197,885	205,977	197,885

28. INVESTMENT INCOME**ACCOUNTING POLICY****Finance Income**

Finance income comprises interest income on funds invested. Interest income is recognised in the Income Statement as it accrues and is calculated by using the effective interest rate method (EIR). Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established.

Rental income

Rental income from property is recognised in profit or loss on a straight line basis over the term of the lease.

Other Income

Other income comprises fees charged for policy administration services, and miscellaneous income.

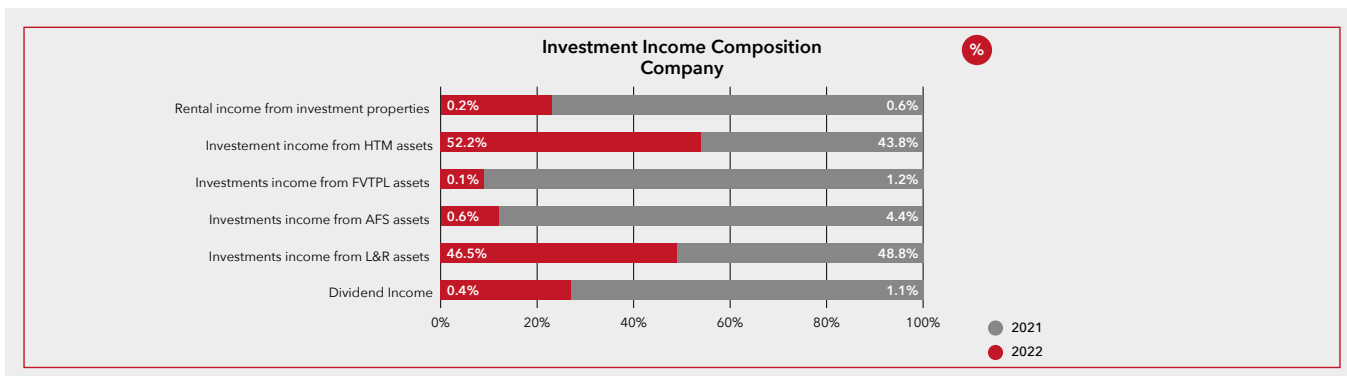
28.(a) Investment Income

For the Year Ended 31st December	Page	Note	GROUP		COMPANY	
			2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rental income from investment properties	271	9.h	27,435	78,671	34,905	85,481
Financial assets at fair value through profit or loss (held for trading purposes)						
Interest income			23,303	178,532	23,303	178,532
Held to maturity financial assets interest income			10,085,118	6,274,190	10,085,118	6,274,190
Available-for-sale financial assets						
Interest income			162,857	623,742	95,126	623,742
Dividend income			23,861	11,112	18,523	11,112
Loans and receivables interest income			9,044,966	6,957,071	8,920,143	6,904,754
Interest Income from Staff Loan			65,404	75,736	65,404	75,736
Investment income Excluding Dividend Income of Associate			19,432,944	14,199,055	19,242,522	14,153,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.(b) Dividend Income from Associate

For the Year Ended 31st December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend Income	-	-	80,618	161,236
Total Investment Income	19,432,944	14,199,055	19,323,140	14,314,783



29. REALISED GAINS

ACCOUNTING POLICY

Realised gains and losses recorded in the Income Statement include gains and losses on financial assets and on disposal of property, plant and equipment and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Gains and losses on disposal of property, plant and equipment and investment properties are calculated as the difference between net sales proceeds and the carrying amount on the date of disposal.

For the Year Ended 31st December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, Plant and equipment				
Realised gains	4,575	(13,636)	4,575	(13,636)
Investment properties				
Realised gains	-	60,000	-	60,000
Total realised gains non financial assets	4,575	46,364	4,575	46,364
Available-for-sale financial assets				
Realised gains				
Debt securities	53,385	154,011	53,385	154,038
Realised losses				
Equity securities	-	-	-	-
Total realised gains for available-for-sale financial assets	53,385	154,011	53,385	154,038
Total Realised Gains	57,960	200,376	57,960	200,402

30. FAIR VALUE GAINS AND LOSSES

ACCOUNTING POLICY

Fair value gains and losses recorded in the Income Statement on investments include fair value gains and losses on financial assets at fair value through profit or loss, and on investment property.

For the Year Ended 31st December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Fair value gains on investment properties	269	9	248,511	370,598	411,911	458,798
Fair value gains on financial assets at fair value through profit or loss (held for trading purposes)			25,892	(65,005)	21,510	(70,719)
Total fair value gains and losses			274,403	305,593	433,421	388,079

31. NET BENEFITS AND CLAIMS

ACCOUNTING POLICY

Gross Benefits and Claims Expense

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses. Death claims and surrenders are recorded on the basis of notifications received. Maturities, annuity payments and interim payments are recorded when due.

Reinsurance Claims Recoveries

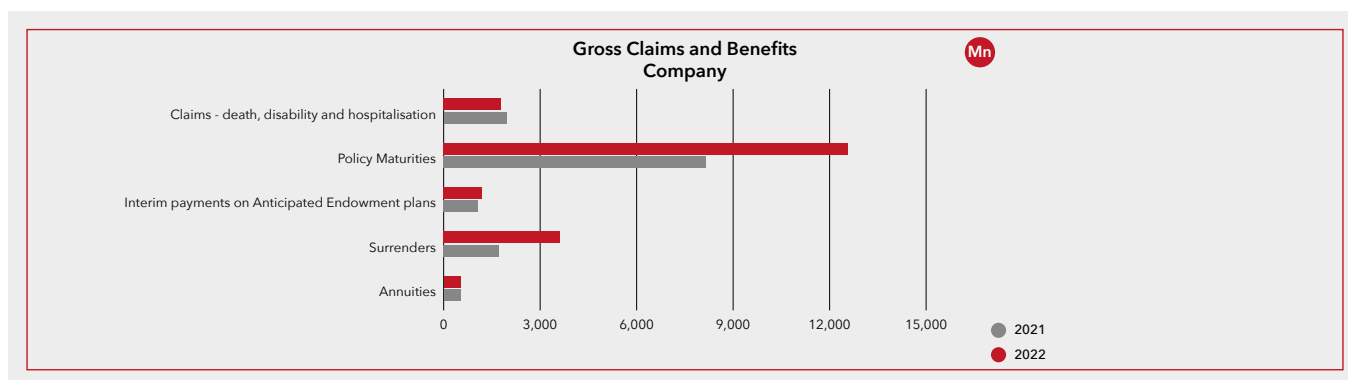
Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

For the Year Ended 31st December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
31.(a) Gross benefits and claims paid	321	31.(d)	19,187,615	12,927,237	19,187,615	12,927,237
31.(b) Claims ceded to reinsurers	321	31.(d)	(218,349)	(190,929)	(218,349)	(190,929)
31.(c) Gross change in contract liabilities			13,375,957	11,803,985	13,375,957	11,803,985
Net benefits and claims			32,345,223	24,540,293	32,345,223	24,540,293

31.(d) Gross claims and benefits (Excluding Life fund increase)

For the Year Ended 31 December	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Claims - death, disability and hospitalisation	1,777,969	1,957,709	1,777,969	1,957,709
Policy Maturities	12,579,829	8,151,949	12,579,829	8,151,949
Interim payments on Anticipated Endowment plans	1,192,286	1,072,000	1,192,286	1,072,000
Surrenders	3,611,076	1,722,197	3,611,076	1,722,197
Annuities	26,455	23,383	26,455	23,383
Total	19,187,615	12,927,237	19,187,615	12,927,237
Share of Claim	(218,349)	(190,929)	(218,349)	(190,929)
Life Insurance Net Claims and Benefits	18,969,266	12,736,308	18,969,266	12,736,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



32. ACQUISITION COSTS

ACCOUNTING POLICY

Commission expense is charged to the period in which it is 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.

For the Year Ended 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fees and commission expenses	2,097,314	2,369,754	2,097,314	2,369,754
Total	2,097,314	2,369,754	2,097,314	2,369,754

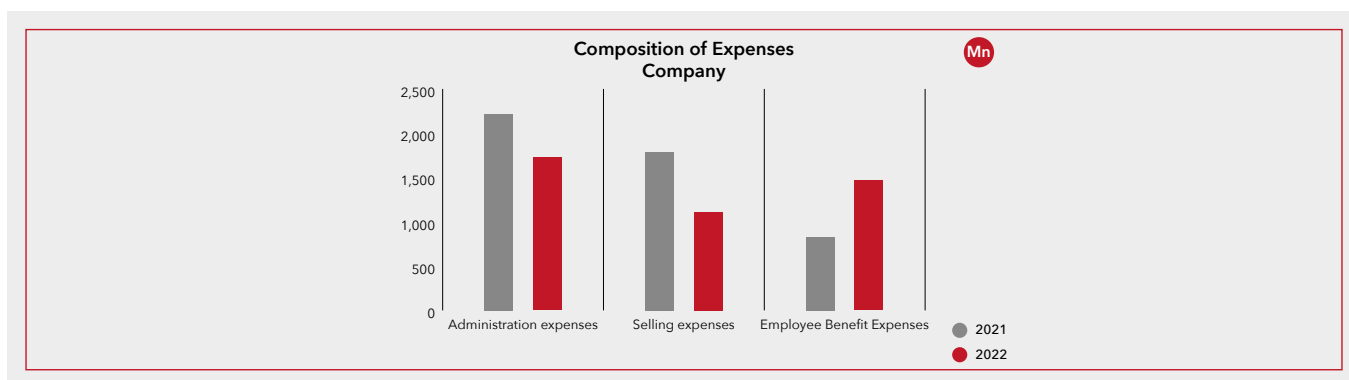
33. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

ACCOUNTING POLICY

Expenditure Recognition

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement.

For the Year Ended 31 December	Page	Note	GROUP		COMPANY	
			2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amortisation of intangible assets	254	6	118,550	103,274	118,504	103,228
Depreciation on property and equipment	258	7	313,727	317,390	236,037	245,545
Depreciation on Right-to use Assets	267	8	83,906	80,553	81,003	80,553
Other Operating Expenses			1,265,370	1,836,503	1,255,090	1,764,992
Auditors' remuneration	323	33.(b)	6,728	6,695	6,403	6,183
Employee benefits expense	323	33.(a)	1,529,826	1,842,740	1,466,248	1,790,925
Selling expenses			1,116,189	837,525	1,107,144	825,867
Legal Expenses			30,276	19,316	30,276	19,338
Total other operating and administrative expenses			4,464,572	5,043,996	4,300,705	4,836,630



33.(a) Employee Benefits Expense

For the Year Ended 31 December			GROUP		COMPANY	
	Page	Note	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Wages and salaries including bonus & incentives			2,008,636	1,889,855	1,957,971	1,846,696
Employees' Provident Fund 12%			128,242	120,355	122,868	115,365
Employees' Trust Fund 3%			32,078	30,089	30,717	28,841
Defined gratuity benefit & Pension costs			(668,294)	(244,120)	(670,598)	(246,449)
Other staff related cost			29,164	46,562	25,290	46,472
Total employee benefits expense	323	33	1,529,826	1,842,740	1,466,248	1,790,925

33.(b) Auditor's Fee

For the Year Ended 31 December			GROUP		COMPANY	
			2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Audit Fees			6,728	6,695	6,403	6,183
Total			6,728	6,695	6,403	6,183

33.(c) Other Operating Expenses In Respect of Investment Properties

The operating expenses incurred in respect of investment property which does not earn rental income is Rs. 3,082,801/- (2021 - Rs. 1,848,455/-) The operating expenses incurred in respect of investment property which earns rental income is Rs. 2,400,552/- (2021- 5,234,339/-)

33.(d) Defined gratuity benefit & Pension costs

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. FINANCE COSTS

ACCOUNTING POLICY

Finance cost mainly includes the charges and commission paid on financial services provided by financial institutions, particularly bank charges.

For the Year Ended 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest expense	104,621	93,738	104,382	93,640
Total Finance Cost	104,621	93,738	104,382	93,640

35. INCOME TAX EXPENSE

ACCOUNTING POLICY

Income tax expense comprises current and deferred tax. Refer Accounting Policy under Taxation Note 35 in Page 324.

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

(a) Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Reporting date and any adjustment to tax payable in respect of previous years.

35.(a) Current Year Tax Charge

	Page	Note	GROUP		COMPANY	
			2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current tax						
Estimated tax charge in respect of the current	325	35.(c)	2,245,713	1,834,398	2,235,219	1,834,398
(Over)/under provision in respect of previous year			(7,181)	(192,739)	(7,181)	(192,739)
Total current tax			2,238,532	1,641,659	2,228,038	1,641,659
Deferred tax						
Origination of temporary differences	301 & 302	16.(c) & (d)	(9,940)	203,276	51,765	129,223
Total Tax charge to income statement			2,228,592	1,844,935	2,279,803	1,770,883

35.(b) Tax Recorded in Other Comprehensive Income

	Page	Note	GROUP		COMPANY	
			2022	2021	2022	2021
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax	328	39	210,421	1,898	97,137	(22,207)
Total tax charge to other comprehensive income			210,421	1,898	97,137	(22,207)

35.(c) Basis of computing the estimate tax**Company**

A reconciliation between income tax expense and the taxable profit multiplied by the statutory tax rate is as follows;

	2022			2021			
	JAN - SEP	OCT - DEC	TOTAL				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000			
Investment Income from the business	2,669,539	1,544,173	4,213,711	3,353,966			
Less-Exempted Interest Income	(89,169)	(277,935)	(367,104)	(626,094)			
Add- Taxable Gain	139,269	2,104	141,374	64,407			
Less-Management Expenses	(206,498)	(69,604)	(276,102)	(262,703)			
Shareholders' Taxable Income	2,513,141	1,198,738	3,711,879	2,529,575			
Deductions under Section 19 of Inland Revenue Act	-	-	-	-			
Taxable income	2,513,141	1,198,738	3,711,879	2,529,575			
Income tax on Shareholders' Taxable Income	@ 24%	603,154	@30%	359,621	962,775	@ 24%	607,098
Income Tax for Bonuses distributed/declared to policyholders	510,511	-	510,511	515,764			
	@ 24%	122,523	@30%	-	122,523	@ 24%	123,783
Income Tax for Surplus distributed to Shareholders	4,428,649	256,690	4,685,339	4,500,000			
	@ 24%	1,062,876	@30%	77,007	1,139,883	@ 24%	1,080,000
Capital Gain Tax on net realized gains	-	-	-	34,405			
	@ 10%	-	@30%	-	-	@ 10%	3,440
Dividend Tax	71,701	-	71,701	143,402			
	@ 14%	10,038	@30%	-	10,038	@ 14%	20,076
Estimated tax charge in respect of the current year			2,235,219	1,834,398			

36. NON CONTROLLING INTERESTS (NCI)

Non-controlling interest is measured at their proportionate share of the acquires identifiable net assets at the date of acquisition.

The total profit and loss for the year of the Company and its subsidiaries included in consolidation are shown in the Income Statement with the proportion of profit and loss after taxation pertaining to Non-controlling shareholders of subsidiaries being deducted as "Non-controlling Interest". All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Statement of Financial Position. The interest of Non-controlling shareholders of subsidiaries in the net assets of the Group is indicated separately in the statement of financial position under the heading "Non-controlling interests". Changes in the Group's interest in subsidiary that do not result in loss of controls are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on proportionate amount of the net assets of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36.(a) Accumulated Balances of Non-Controlling Interest

Name of Company	2022	2021	Effective ownership by NCI %
Ceylinco Healthcare (Pvt) Ltd	4,930	4,466	0.55%
Serene Resort Ltd	3,154	2,626	1.12%
Total	8,084	7,092	

36.(b) Profit Allocated to Non-Controlling Interest

Name of Company	2022	2021
Ceylinco Healthcare (Pvt) Ltd	453	395
Serene Resort Ltd	528	107
Total	980	502

37. BASIC/DILUTED EARNINGS PER SHARE

Earnings Per Share (EPS)

ACCOUNTING POLICY

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Basic 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.

37.(a) Earnings Per Share

For the Year Ended 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
Profit for the year (Rs.'000)	8,163,769	7,587,159	7,631,777	6,774,491
Weighted Average Number of Ordinary Shares ('000)	50,000	50,000	50,000	50,000
Basic Earnings per Ordinary Share (Rs.)	163.28	151.74	152.64	135.49

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.

38. DIVIDENDS

38.(a) Dividend Proposed

For the Year Ended 31 December	COMPANY	
	2022	2021
	Rs.'000	Rs.'000
Final Dividend - Proposed	912,501	787,501
Total Dividend Proposed	912,501	787,501
No. of Shares in issue for the year ('000)	50,000	50,000
Final Dividend Per Share - Proposed (Rs.)	18.25	15.75

The Board of Directors has proposed a final dividend of Rs. 18.25 (2021 Rs. 15.75) per share, amounting to a total of Rs. 912.5 million (2021 - Rs. 787.5 million) on 23 February 2023 out of the profit for the year ended 31 December 2022 subject to the approval of shareholder at the Annual General Meeting.

IRCSL requires insurance companies to consider some critical aspects such as financial results, impact of contingent liabilities, impact of potential risks, additional capital requirements, etc. when declaring dividends. The IRCSL also requires the Board of Directors to submit signed confirmations to the IRCSL that it considered all such aspects prior to declaring the dividend to shareholder.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the company has confirmed that the company satisfies the 'Solvency Test'. A statement of solvency was duly signed by the directors on 23 February 2023 and has been audited by Messrs, Ernst & Young Chartered Accountants.

In accordance with LKAS 10- " Events after the reporting period", the proposed dividend has not been recognized as a liability in the financial statements.

38.(b) Dividends Paid

	COMPANY	
	2022	2021
For the Year Ended 31 December	Rs.'000	Rs.'000
Final Dividend - Paid	787,501	782,501
Total Dividend Paid	787,501	782,501
No. of Shares in issue for the year ('000)	50,000	50,000
Final Dividend Per Share - Paid (Rs)	15.75	15.65

The company has paid a final dividend of Rs. 15.75 per share, amounting to Rs. 787.5 Mn on 5 April 2022.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the company has satisfied the solvency test in accordance with Section 57 prior to recommending the final dividend for the year ended 31 December 2022. A statement of solvency was completed and duly signed by the directors on 2 March 2022, and has been audited by Messrs, Ernst & Young Chartered Accountants.

39. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Group

	2022			2021		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net gain/(loss) on Available-for-sale financial assets	(121,118)	(4,601)	(125,719)	(572,553)	36,569	(535,984)
Actuarial gain on defined benefit plans	556,880	(227)	556,653	265,387	(120)	265,267
Share of other comprehensive income of equity accounted investees	(219,497)	-	(219,497)	103,486	-	103,486
Revaluation surplus/(Deficit) during the year	1,754,749	(205,593)	1,549,156	926,640	(38,348)	888,292
Total	1,971,014	(210,421)	1,760,593	722,960	(1,898)	721,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company

	2022			2021		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net gain/(loss) on Available-for-sale financial assets	(121,118)	(4,601)	(125,719)	(572,553)	36,569	(535,984)
Actuarial gain on defined benefit plans	555,552	-	555,552	264,577	-	264,577
Revaluation surplus/(Deficit) during the year	1,579,173	(92,536)	1,486,637	826,700	(14,362)	812,338
Total	2,013,607	(97,137)	1,916,470	518,724	22,207	540,931

40. RISK MANAGEMENT FRAMEWORK

40.(a) Governance framework

The primary objective of the Group's financial risk management is to manage financial risks within its risk appetite and provide reasonable assurance on the achievement of financial objectives.

Risk management is embedded into the Group's broader Risk Management Framework and spans across the Group with clear objectives, duties and responsibilities specified at each level. The Board of Directors, with the assistance of the Board Risk Committee, bears the overall responsibility for establishment and oversight of the risk management framework. The Executive Risk Management Committee, headed by the Chief Risk Officer, is responsible for developing, facilitating and monitoring the control framework and execution of proper risk management strategies. The line management and staff are responsible for day-to-day risk management and are represented at the Sub-committee level. Regular review of risks and effective risk mitigation strategies ensure consistent corporate performance, while risks are managed within the risk appetite of the Group.

40.(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 return on capital employed meet the requirements of its capital providers
- 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

40.(c) Approach to capital management

The Group allocates capital to businesses as required and ensures sufficient returns to shareholders and policyholders. The asset and liability management establishes the required level of liquidity and reduces the risks of the company and achieves the required capital levels of the company.

The primary source of capital used by the Company is equity shareholders' funds.

The return expectations are regularly forecasted and comparisons are made in order to ensure the requirements of stakeholders are achieved.

The Group had no significant changes in its policies and processes relating to its capital structure during the past year from previous years.

Ceylinco Life Insurance Ltd has following capital resources.

	2022	2021	2020	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total equity as per the Statement of Financial Position	49,399,013	44,194,033	38,145,035	31,492,079	26,425,584
Adjustments to the capital under the RBC Framework	16,542,096	28,048,262	33,591,988	29,903,365	27,434,492
Available capital resources under the RBC Framework	65,941,109	72,242,295	71,737,023	61,395,444	53,860,076

The adjustments onto a regulatory basis Includes the followings:.

1. Adjustment for valuation differences of Assets and Liabilities between SLFRS and RBC frameworks.
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 considered as a deduction from capital under RBC framework.

40.(d) Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group manages its business affairs in a manner that benefits the policyholders. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate Capital Adequacy position to meet unforeseen liabilities arising from economic shocks or natural disasters. The Company is regulated by Insurance Regulatory Commission of Sri Lanka (IRCSL) with the objective of protecting shareholders and policyholders. There are various regulations and directives the company is expected to adhere to in order to achieve the expected norms, which leads the company to maintain required solvency and maintain sufficient capital. The new Risk Based Capital framework or RBC is focused on managing the risks rather than complying with solvency margin rules. The RBC framework was tested and refined since 2011 and full implementation started from January 2016. RBC reporting to the regulator consists of templates and questionnaires developed over the past years. RBC is a flexible framework for maintenance of minimum capital requirements based on riskiness of respective insurance company. It consist of risk factors insurance companies are exposed to such as Credit Risk, Concentration Risk, Market Risk, Operational Risk and Liability Risk. It also includes quantified capital charges for those risk factors and valuation methodology for assets and liabilities of insurance companies. The implementation of RBC was intended to increase transparency and establish appropriate risk management systems. It was expected to create a more stable industry with greater public confidence. This framework helps to develop a culture of risk awareness in the industry while encouraging efficient use of capital to improve returns based on the risk exposure. This will be advantageous to the companies with good risk management practices.

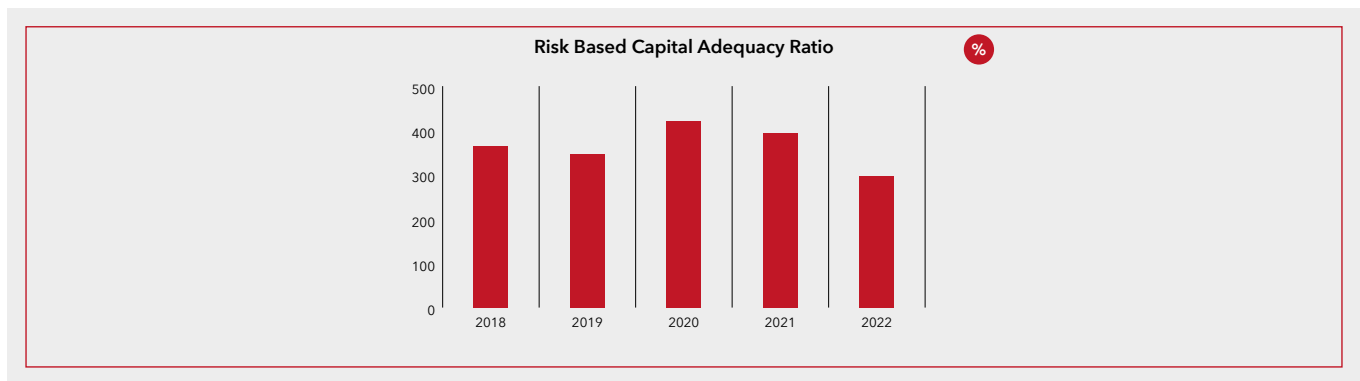
Operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company maintains capital, investments and solvency as per the regulations prescribed by Insurance Regulatory Commission of Sri Lanka. (IRCSL). New changes in regulations are timely adopted and necessary changes are made to internal processes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company operates according to the requirements set by the Regulator - IRCSL. The Capital Adequacy Ratio of the Company is as follows:

		31st December 2022	31st December 2021
Total Available Capital (TAC)	Rs. Mn	65,940	72,242
Risk Based Capital Requirement (RCR)	Rs. Mn	22,128	18,365
Risk Based Capital Adequacy Ratio (CAR)	%	298%	393%
Regulatory Minimum CAR	%	120%	120%



40.(e) Asset Liability Management (ALM) Framework

ALM framework is used to manage the risks arising due to mismatches of asset and liability cash flows. ALM is an ongoing process of formulating, implementing, monitoring and revising strategies related to management of assets and liabilities to achieve an organization's financial objectives, given the organization's risk appetite, tolerance and other constraints.

The Board Investment Committee (BIC), along with inputs from Operational Investment Committee (OIC), reviews the nature of liabilities arising from the product portfolio and evaluates investment options that best suit to hedge/manage the said risks. The Company manages these selected positions prudently, within a strategically crafted and Board approved ALM Policy that has been developed considering the cyclical nature of the domestic interest rates, in order to achieve risk-adjusted investment returns in excess of its obligations, in the long term.

41. INSURANCE AND FINANCIAL RISK

41.(a) Insurance Risk

The principal insurance risk the Company 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 Company is to ensure that sufficient financial and reinsurance protection is available to cover these liabilities.

This risk is mitigated by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company has entered into long term reinsurance treaties with the world's leading reinsurers as a part of its risks mitigation program.

The reinsurance program is designed to mitigate the Company's exposure to a single claim as well as to catastrophic losses.

More details on how we mitigate underwriting, claims and reinsurance risk are described under Risk Management Report on pages 197 to 205.

41.(a).(1) Reinsurers 'Credit Ratings

The following table shows the credit ratings of reinsurance companies with whom the Company has entered in to the reinsurance arrangements as of 31 December 2022.

Reinsurer	Country of Origin	Ratings	Rating Agency
Munich-Re	Germany	AA	Fitch Ratings
Munich-Re takaful	Malaysia (Retakaful branch)	AA	Fitch Ratings
Swiss-Re	Switzerland	AA-	S & P Global Ratings
RGA	Ireland	AA-	S & P Global Ratings

The below note shows the re insurances receivables as of 31 December, with the respective ratings of each reinsurer, company has engaged with.

	Ratings	GROUP		Ratings	COMPANY	
		2022	2021		2022	2021
		Rs.'000	Rs.'000		Rs.'000	Rs.'000
Reinsurance Receivable - Swiss Re	AA-	168,885	92,993	AA-	168,885	92,993
Reinsurance Receivable - Munich Re	AA	299,437	219,405	AA	299,437	219,405
Reinsurance Receivable - RGA	AA-	31,495	79,773	AA-	31,495	79,773
Total Reinsurance Receivables		499,817	392,170		499,817	392,170

41.(a).(2) Life Insurance Contracts

Life insurance contracts offered by the Company include: whole life, term assurance, endowment plans, retirement plans, critical illness benefit, disability insurance, daily hospital cash, and major surgery benefit.

The main risks that the Company 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

The Company's underwriting strategy is designed to ensure that risks are properly assessed and correct premium is charged.

The use of scientifically designed proposal forms and medical screening ensures that appropriate data related to the risks to be covered are collected to arrive at a premium which takes into account current health conditions and additional risks of the life to be insured.

The strategy also addresses regular review of actual claim experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria.

For contracts in which 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Key Assumptions

The company exercises to significant judgment in determining the policy liabilities and in selecting assumptions. The key assumptions for 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 Company 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 Company's 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 Insurance Board of Sri Lanka 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 Company over the last four calendar years. Each expense is classified as acquisition/maintenance/termination and then classified as fixed/variable.

41.(a).(3) Sensitivity of the Value of Insurance Liabilities for Changes in Assumptions

Sensitivity of the Value of Insurance Liabilities as at 31 December 2022	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%	0.27%
Morbidity	-20%	-0.28%
Withdrawal Rate	+20%	-0.03%
Withdrawal Rate	-20%	0.09%

- indicates a reduction in the liability while

+ indicates increase in liability.

41.(b) Credit Risk

Credit risk (in ALM context) is the risk that an issuer or counterparty failing to meet its contractual obligations towards the Company, due to various reasons such as declining financial strength.

The sub-categories of credit risk include;

- i. Default risk: the risk that the issuer failing to make timely interest or principal payments.
- ii. Downgrade risk: the risk that the rating of the issuer/debt instrument will be downgraded.
- iii. Credit spread risk: the risk that credit spreads will widen.

To minimize credit risk, financial investments (such as term deposits, debentures, etc.) are placed, investment transactions (such as government security purchases and sales, repurchase/reverse repurchase agreements) are entered, strictly adhering to guidelines set by the Board Investment Committee (BIC).

In addition, individual exposures to such approved issuers/counterparties are set and monitored based on Insurance Regulatory Commission of Sri Lanka (IRC SL) determinations as well as internal limits which are set by the Board Investment Committee (BIC). The internal limits and their exposures are monitored regularly by Investment Middle Office on an ongoing basis, and reviewed periodically by the BIC.

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.

More details on how we mitigate Interest rate risk is described under risk management report on pages 197 to 205.

41.(b).(1) Credit Risk 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.

	Page	Notes	GROUP				COMPANY			
			2022	2021	2022	2021	2022	2021		
			Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Financial instruments										
Held-to-maturity financial assets	279	12.(a)								
Government Securities			82,732,117	50.76	53,668,148	35.24	82,447,983	50.97	53,668,148	35.48
Corporate Debts			9,282,268	5.70	10,237,229	6.72	9,282,268	5.74	10,237,229	6.77
Loans and receivables	280	12.(b)								
Repo Investments			5,463,433	3.35	6,371,199	4.18	5,463,433	3.38	6,296,199	4.16
Corporate Debts			15,936,318	9.78	19,316,135	12.68	15,936,318	9.85	19,316,135	12.77
Term Deposits			43,630,797	26.77	58,383,524	38.34	42,825,872	26.47	57,517,903	38.03
Other			739,618	0.45	812,952	0.53	739,618	0.46	812,952	0.54
Available-for-sale financial assets	281	12.(c)								
Equity securities			92,859	0.06	124,576	0.08	92,859	0.06	124,576	0.08
Debt securities			695,745	0.43	491,532	0.32	529,083	0.33	491,532	0.32
Unit Trust Investment			39,984	0.02	167,460	0.11	-	-	-	-
Financial assets at fair value through profit or loss	283	12.(d)								
Equity securities			887	0.00	1,073	0.00	887	0.00	1,073	0.00
Debt securities			467,092	0.29	-	-	467,092	0.29	-	-
Reinsurance assets	297	15	499,817	0.31	392,170	0.26	499,817	0.31	392,170	0.26
Loans to Policyholders	302	17	2,703,623	1.66	1,561,981	1.03	2,703,623	1.67	1,561,981	1.03
Premium Receivables	304	18	368,089	0.23	336,496	0.22	368,089	0.23	336,496	0.22
Cash and cash equivalents	305	20	332,261	0.20	421,856	0.28	405,331	0.25	494,350	0.33
Total credit risk exposure			162,984,908	100	152,286,331	100	161,762,273	100	151,250,745	100

Investments in Government securities consist of Treasury Bonds, Treasury Bills and Repo investments. Treasury Bills and Treasury Bonds are considered to be risk free instruments, which are fully backed by the Government of Sri Lanka.

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41.(b).(2) Industry analysis - Company

As at 31 December 2022			Financial Services	Government	Services	Manufacturing and Power	Others	Total
	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets								
Held-to-Maturity Financial Assets	279	12.(a)						
Debt securities			9,282,268	82,447,983	-	-	-	91,730,251
			9,282,268	82,447,983	-	-	-	91,730,251
Loans and Receivables	280	12.(b)						
Term Deposits			42,825,872	-	-	-	-	42,825,872
Repo Investments			5,463,433	-	-	-	-	5,463,433
Unquoted Debentures			1,483,776	-	-	-	-	1,483,776
Debentures - Quoted			14,452,543	-	-	-	-	14,452,543
Staff and vehicle Loans (Hire Purchase)			-	-	-	-	739,618	739,618
			64,225,623	-	-	-	739,618	64,965,241
Available-for-Sale Financial Assets	281	12.(c)						
Equity securities			90,334	-	2,525	-	-	92,859
Debt securities			164,657	364,427	-	-	-	529,083
			254,991	364,427	2,525	-	-	621,942
Financial Assets at Fair Value through Profit or Loss	283	12.(d)						
Equity securities			99	-	508	280	-	887
Debt securities			-	467,092	-	-	-	467,092
			99	467,092	508	280	-	467,978
Total credit risk exposure			73,762,980	83,279,502	3,033	280	739,618	157,785,413

As at 31 December 2021			Financial Services	Government	Services	Manufacturing and Power	Others	Total
	Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Held-to-Maturity Financial Assets								
Debt securities	279	12.(a)						
			10,237,229	53,668,148	-	-	-	63,905,377
			10,237,229	53,668,148	-	-	-	63,905,377
Loans and Receivables	280	12.(b)						
Term Deposits			57,517,903	-	-	-	-	57,517,903
Repo Investments			6,296,199	-	-	-	-	6,296,199
Unquoted Debentures			4,875,489	-	-	-	-	4,875,489
Quoted Debentures			14,440,646	-	-	-	-	14,440,646
Staff and vehicle Loans (Hire Purchase)			-	-	-	-	812,952	812,952
			83,130,238	-	-	-	812,952	83,943,190
Available-for-Sale Financial Assets	281	12.(c)						
Equity securities			122,051	-	2,525	-	-	124,576
Debt securities			164,657	326,876	-	-	-	491,532
			286,708	326,876	2,525	-	-	616,108
Financial Assets at Fair Value through Profit or Loss	283	12.(d)						
Equity securities			169	-	447	456	-	1,073
Debt securities			-	-	-	-	-	-
			169	-	447	456	-	1,073
Total credit risk exposure			93,654,343	53,995,024	2,972	456	812,952	148,465,749

41.(b).(3) Credit Ratings of Financial Instruments - Company

The below table indicates the rating of investments as at 31 December 2022 & 2021.

As at 31 December 2022		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Unrated	Total		
Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Financial instruments																			
Held-to-Maturity Financial Assets																			
Debt securities	279	12.(a)	82,447,983	-	-	4,528,277	1,928,306	2,825,685	-	-	-	-	-	-	-	-	-	91,730,251	
Loans and Receivables	280	12.(b)	14,039,173	-	-	32,872,279	4,818,854	11,782,419	-	679,337	-	33,563	-	-	-	-	-	739,618	64,965,243
Available-for-Sale Financial Assets																			
Equity securities	281	12.(c)	-	-	-	-	-	-	-	-	90,334	-	-	-	-	-	2,525	92,859	
Debt securities	281	12.(c)	364,427	-	-	58,855	50,676	55,126	-	-	-	-	-	-	-	-	-	-	529,083
Financial Assets at Fair Value through Profit or Loss																			
Equity securities	283	12.(d)	30	-	-	90	81	-	-	-	-	-	-	-	-	-	-	686	887
Debt securities	283	12.(d)	467,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	467,092
Total			97,318,705	-	-	37,459,501	6,797,917	14,663,230	-	679,337	90,334	-	-	-	-	-	-	742,829	157,785,415

As at 31 December 2021		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Unrated	Total		
Page	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Financial instruments																			
Held-to-Maturity Financial Assets																			
Debt securities	279	12.(a)	53,668,148	-	-	5,482,067	2,630,698	2,124,463	-	-	-	-	-	-	-	-	-	63,905,377	
Loans and Receivables	280	12.(b)	17,889,069	-	175,780	45,556,421	16,579,236	1,681,189	-	979,144	259,012	10,387	-	-	-	-	-	812,952	83,943,190
Available-for-Sale Financial Assets																			
Equity securities	281	12.(c)	-	-	-	-	-	-	-	-	122,051	-	-	-	-	-	2,525	124,576	
Debt securities	281	12.(c)	326,876	-	-	58,855	105,802	-	-	-	-	-	-	-	-	-	-	-	491,532
Financial Assets at Fair Value through Profit or Loss																			
Equity securities	283	12.(d)	39	28	-	84	141	-	-	-	-	-	-	-	-	-	-	781	1,073
Debt securities	283	12.(d)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			71,884,131	28	175,780	51,097,426	19,315,878	3,805,652	-	979,144	381,064	10,387	-	-	-	-	-	816,259	148,465,748

41.(b).(4) Corporate Debt Securities by Credit Ratings

The following table shows the credit rating of Investment in Corporate Debt.

Held to Maturity Financial Assets - Debentures (Quoted)

	GROUP				COMPANY			
	2022		2021		2022		2021	
	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%
AA-	4,528,277	48.78	5,482,067	53.55	4,528,277	48.78	5,482,067	53.55
A+	1,928,306	20.77	2,630,698	25.70	1,928,306	20.77	2,630,698	25.70
A	2,825,685	30.44	2,124,463	20.75	2,825,685	30.44	2,124,463	20.75
	9,282,268	100.00	10,237,229	100.00	9,282,268	100.00	10,237,229	100.00

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The Group/Company has invested 100.00% (2021 -100 %) of its investment in Corporate Debentures (Quoted) held under HTM category in instruments, which are rated A and above by Fitch Ratings Lanka Ltd. and ICRA Lanka Ltd.

Loans and Receivables - Debentures (Quoted)

	GROUP				COMPANY			
	2022		2021		2022		2021	
	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%
AA	-	-	175,780	1.22	-	-	175,780	1.22
AA-	12,135,591	83.97	11,947,665	82.74	12,135,591	83.97	11,947,665	82.74
A+	2,202,793	15.24	2,203,024	15.26	2,202,793	15.24	2,203,024	15.26
BBB+	114,158	0.79	114,177	0.79	114,158	0.79	114,177	0.79
	14,452,543	100.00	14,440,646	100.00	14,452,543	100.00	14,440,646	100.00

The Group/Company has invested 99.21% (2021- 99.21%) of its investment in Corporate Debentures (Quoted) held under Loans and Receivables category in instruments, which are rated A by Fitch Ratings Lanka Ltd and ICRA Lanka Ltd.

Loans and Receivables - Debentures (Unquoted)

	GROUP				COMPANY			
	2022		2021		2022		2021	
	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%
AAA	1,033,238	69.64	4,129,792	84.71	1,033,238	69.64	4,129,792	84.71
A	450,537	30.36	446,292	9.15	450,537	30.36	446,292	9.15
BBB+	-	-	299,405	6.14	-	-	299,405	6.14
	1,483,776	100.00	4,875,489	100.00	1,483,776	100.00	4,875,489	100.00

The Group/Company has invested 100% (2021- 93.86%) of its investment in Corporate Debentures (Unquoted) held under Loans and Receivables category in instruments, which are rated A and above by Fitch Ratings Lanka Ltd and Lanka Ratings agency.

41.(b).(5) Fixed Deposits by Credit Ratings

The following table shows the credit rating of Investment in Fixed Deposits

Loans and Receivables - Fixed Deposits

	GROUP				COMPANY			
	2022		2021		2022		2021	
	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%
AAA	7,921,094	18.15	7,566,217	12.96	7,542,502	17.61	7,463,077	12.98
AA-	21,163,020	48.50	34,371,237	58.87	20,736,688	48.42	33,608,755	58.43
A+	13,118,401	30.07	14,376,212	24.62	2,616,061	6.11	14,376,212	24.99
A	829,542	1.90	1,234,897	2.12	11,331,882	26.46	1,234,897	2.15
BBB+	565,178	1.30	565,562	0.97	565,178	1.32	565,562	0.98
BBB	-	-	259,012	0.44	-	-	259,012	0.45
BBB-	33,563	0.08	10,387	0.02	33,563	0.08	10,387	0.02
	43,630,799	100.00	58,383,524	100.00	42,825,874	100.00	57,517,903	100.00

The Group has invested 98.63% (2021- 98.57%) of its investment in Fixed Deposits held under Loans and Receivables in instruments, which are rated A and above by Fitch Ratings Lanka Ltd, Lanka Ratings agency.

The Company has invested 98.60% (2021- 98.55%) of its investment in Fixed Deposits held under Loans and Receivables in instruments, which are rated A and above by Fitch Ratings Lanka Ltd and ICRA Lanka Ltd.

Available for Sale - Debentures (Quoted)

	GROUP				COMPANY			
	2022		2021		2022		2021	
	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%
AA-	58,855	35.74	58,855	35.74	58,855	35.74	58,855	35.74
A+	50,676	30.78	105,802	64.26	50,676	30.78	105,802	64.26
A	55,126	33.48	-	-	55,126	33.48	-	-
	164,657	100.00	164,657	100.00	164,657	100.00	164,657	100.00

The Company has invested 100% (2021- 100%) of its investment in Corporate Debentures (Quoted) held under Available for Sale category in instruments, which are rated A and above by Fitch Ratings Lanka Ltd and ICRA Lanka Ltd.

41.(c) Market Risk

Market risk is the risk that market value or future cash flows of a financial instrument will fluctuate due to changes in market factors which are directly/indirectly related to financial markets.

The sub-categories of market risk include;

- i. Interest rate risk: the risk that market value and/or future cash flows of a financial instrument will fluctuate due to changes in the level of interest rates, credit spreads or shape of the yield curve. This includes reinvestment risk and inflation risk, which eventually impact the interest rates.
- ii. Currency risk: the risk that market value or future cash flows of a financial instrument fluctuate due to changes in exchange rates.
- iii. Equity price risk: the risk that market value or future cash flows of a financial instrument fluctuate due to changes in equity prices.
- iv. Commodity price risk: the risk that market value or future cash flows of a commodity-linked financial instrument fluctuate due to changes in commodity prices.
- v. In addition, due to its investments in real estate, the Company is also exposed (albeit on a marginal basis) to changes in real estate values.

More details on how we mitigate Interest rate risk is described under risk management report on pages 197 to 205.

41.(d) Currency Risk

The Company has no significant exposure to currency risk. However, possible scarcity of foreign exchange liquidity in the banking system might impact Company's operations as foreign supplier payments might be delayed.

More details on how we mitigate Interest rate risk is described under risk management report in pages 197 to 205.

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41.(e) Interest Rate Risk

Interest rate risk is the risk that market value or future cash flows of a financial instrument will fluctuate due to changes in the level of interest rates, credit spreads or shape of the yield curve. This includes reinvestment risk and inflation risk, which eventually impacts the interest rates.

Since financial investments of the Company consist mainly of fixed income securities (such as Government securities, term deposits, corporate debt, etc.), interest rate risk is one of the most prominent risks faced by the Company. Given (a) unavailability of long-term financial instruments with adequate yields, (b) cyclical and volatile nature of domestic interest rates, and (c) frequent changes to taxation and policy decisions, in order to optimize the returns on its investment portfolio, the Company diligently carries a duration gap in its asset-liability management framework, in accordance with the Board approved ALM Policy.

Further, Company's Board approved Investment Policy recognizes the cyclical nature of the domestic financial markets. As a part on its investment decision making process, the Company closely monitors the current and future expected shifts in monetary and fiscal policy, changes in inflation expectations, movements in domestic and global interest/exchange rates, balance of payment position, changes in taxation and other key macroeconomic indicators and in turn, fine tune the investment strategies/horizons accordingly.

In addition to internal expertise, to ensure prudence and probity, the Company seeks the views of independent macro research providers in crafting and reviewing its investment strategy.

More details on how we mitigate Interest rate risk is described under risk management report on pages 197 to 205.

41.(e).(1) Exposure to Interest Rate Risk

The following table presents the financial assets and liabilities which are subject to interest rate risk.

Group

31 December	2022				2021			
	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets								
Held to Maturity	-	91,730,251	-	91,730,251	-	63,905,377	-	63,905,377
Loans & Receivables	-	64,965,241	-	64,965,241	-	83,943,190	-	83,943,190
Available For Sale	-	735,729	-	735,729	-	658,992	-	658,992
Fair Value through Profit & Loss	-	467,092	-	467,092	-	-	-	-
Loans to Life Policyholders	-	2,703,623	-	2,703,623	-	1,561,981	-	1,561,981
Cash and Cash Equivalent	-	-	332,261	332,261	-	-	421,856	421,856
Total Assets	-	160,601,936	332,261	160,934,197	-	150,069,539	421,856	150,491,395
Financial Liabilities								
Interest Bearing Borrowings	-	-	-	-	3,202,054	8,880	-	3,210,934
Bank Overdraft	-	-	731,161	731,161	-	-	450,203	450,203
Total Liabilities	-	-	731,161	731,161	3,202,054	8,880	450,203	3,661,137

Company

31 December	2022				2021			
	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total	Variable Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets								
Held to Maturity	-	91,730,251	-	91,730,251	-	63,905,377	-	63,905,377
Loans & Receivables	-	64,965,241	-	64,965,241	-	83,943,190	-	83,943,190
Available For Sale	-	529,083	-	529,083	-	491,532	-	491,532
Fair Value through Profit & Loss	-	467,092	-	467,092	-	-	-	-
Loans to Life Policyholders	-	2,703,623	-	2,703,623	-	1,561,981	-	1,561,981
Cash and Cash Equivalent	-	-	405,331	405,331	-	-	494,350	494,350
Total Assets	-	160,395,290	405,331	160,800,622	-	149,902,079	494,350	150,396,430
Financial Liabilities								
Interest Bearing Borrowings	-	-	-	-	3,202,054	-	-	3,202,054
Bank Overdraft	-	-	725,523	725,523	-	-	404,397	404,397
Total Liabilities	-	-	725,523	725,523	3,202,054	-	404,397	3,606,450

The Company has no significant concentration of Interest rate risk during the reporting period.

41.(f) Equity Price Risk

The equity price risk is relatively negligible due to Company's diminutive exposure to equity market, except for several strategic investments which are of long-term in nature. However, the Company maintains a closer watch on movements in stock prices and indices.

Following table shows diversification of the equity investments of the Company as of 31 December 2022

	GROUP				COMPANY			
	2022		2021		2022		2021	
	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%	(Rs. '000)	%
Fair Value through Profit & Loss Financial Assets								
Banking, Finance and Insurance	99	0.11	169	0.13	99	0.11	169	0.13
Manufacturing, Plantations	280	0.30	456	0.36	280	0.30	456	0.36
Service	508	0.54	447	0.36	508	0.54	447	0.36
Total Fair Value through Profit & Loss Financial Assets	887	0.95	1,073	0.85	887	0.95	1,073	0.85
Available For Sale Financial Assets								
Banking, Finance and Insurance	90,334	96.36	122,051	97.14	90,334	96.36	122,051	97.14
Service	2,525	2.69	2,525	2.01	2,525	2.69	2,525	2.01
Total Available For Sale Financial Assets	92,859	99.05	124,576	99.15	92,859	99.05	124,576	99.15
Total Equity	93,746	100.00	125,649	100.00	93,746	100.00	125,649	100.00

More details on how we mitigate liquidity risk is described under risk management report on pages 197 to 205.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41.(g) Operational Risks

This is the risk that the Group may not meet its objectives due to failed, inadequate or incomplete internal processes, people, systems, controls, or due to external events. In the context of financial risk management, this involves management of operational risks which could lead to financial losses. The Group manages operational risks by initiating a rigorous control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, ethical business practices and standards, staff education, training and assessment processes, including the use of internal audit.

More details on how we mitigate liquidity risk is described under risk management report on pages 197 to 205.

41.(h) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet both expected and unexpected current and future cash flow and collateral needs, efficiently, without affecting either daily operations or financial condition of the Company. In the context of providing financial protection to policyholders through life insurance, timely settlement of financial commitments such as policyholder benefits and claims is essential. In addition, preserving the confidence of investment counterparties is also vital for continued investment management and operations. Since a strain on liquidity would lead to fire sale of assets which would adversely affect the profitability and policyholder/investor confidence, zero tolerance is maintained for adverse deviations. The investment strategy of the Company ensures that sufficient liquid assets/credit lines are available to comfortably meet such unforeseen cash outflows, if any.

More details on how we mitigate liquidity risk is described under risk management report on pages 197 to 205.

41.(i) Investment Concentration Risk

Investment Concentration risk is the risk that arises due to excessive concentration of the investment portfolio. Unless the investment portfolio is sufficiently diversified, an excessive concentration in to one or more asset classes, entities (issuers), currencies or markets would create investment concentration risk.

Investment Concentration risk can be viewed in two aspects;

1. Entity-wise: the concentration risk arising from an excessive concentration in to one or more issuers.
2. Asset class-wise: the concentration risk arising from an excessive concentration in to one or more asset classes.

The company notes that due to nature of domestic financial markets, the number of available and regulated high credit quality issuers are limited. Further, diversification for the sole purpose of addressing investment concentration risk introduces unwarranted exposure to credit and liquidity risks. Therefore, BIC has taken a calculated approach to maintain a suitable balance between credit risk vs. concentration risk.

Further, regular updates are presented to the BIC which identify, quantify and analyze impact on current and expected levels of investment concentration while ensuring that proper limit verifications are documented and available on all investment transactions. Further, all such counterparty/issuer exposures are monitored and reported regularly by Investment Middle Office.

BIC monitors the current exposure to approved counterparties individually as well as on a related group basis and ensure compliance with determinations, directions and guidelines issued by IRCSL.

41.(j) Maturity Profile

The following table summarises the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the Group/ Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Group**As at December 2022**

Asset and Liabilities			Total	Less Than 1 Year	1 year to 3 Years	3 year to 5 Years	5 year to 15 Years	More than 15 Years
	Page	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets								
Financial instruments								
Held-to-maturity financial assets								
Debt securities	279	12.(a)	92,014,385	30,040,946	23,686,396	11,098,800	25,313,970	1,874,273
Loans and Receivables	280	12.(b)	65,770,167	36,541,931	12,898,405	10,128,346	6,201,485	-
Available-for-sale financial assets								
Equity securities	281	12.(c)	92,859	92,859	-	-	-	-
Debt securities			735,729	626,205	73,218	-	36,306	-
Financial assets at fair value through profit or loss								
Equity securities	283	12.(d)	887	887	-	-	-	-
Debt securities			467,092	467,092	-	-	-	-
Reinsurance Receivables	297	15	499,817	499,817	-	-	-	-
Loans to life policyholders	302	17	2,703,622	584,475	693,659	377,614	816,222	231,652
Premium receivables	304	18	368,089	368,089	-	-	-	-
Cash and Cash Equivalents	305	20	332,261	332,261	-	-	-	-
			162,984,907	69,554,561	37,351,678	21,604,760	32,367,983	2,105,925
Liabilities								
Reinsurance Payables	315	24	686,493	686,493	-	-	-	-
Lease Liabilities	267	8	251,560	73,059	126,600	49,578	2,323	-
Trade and Other Payables	316	25	4,688,104	4,688,104	-	-	-	-
Bank Overdraft	305	20	731,161	731,161	-	-	-	-
			6,357,318	6,178,817	126,600	49,578	2,323	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 2021

Asset and Liabilities			Total	Less Than 1 Year	1 year to 3 Years	3 year to 5 Years	5 year to 15 Years	More than 15 Years
	Page	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets								
Financial instruments								
Held-to-maturity financial assets								
Debt securities	279	12.(a)	63,905,377	2,519,034	28,254,273	8,106,586	23,148,417	1,877,067
Loans and receivables	280	12.(b)	84,883,811	27,435,780	45,669,186	1,412,003	10,366,841	-
Available-for-sale financial assets								
Equity securities	281	12.(c)	-	-	-	-	-	-
Debt securities			124,576	124,576	-	-	-	-
			658,992	295,793	292,879	-	70,321	-
Financial assets at fair value through profit or loss								
Equity securities	283	12.(d)	-	-	-	-	-	-
Debt securities			1,073	1,073	-	-	-	-
Reinsurance Receivables	297	15	392,170	392,170	-	-	-	-
Loans to life policyholders	302	17	1,561,980	192,044	247,672	226,273	703,521	192,471
Premium receivables	304	18	336,496	336,496	-	-	-	-
Cash and Cash Equivalents	305	20	421,856	421,856	-	-	-	-
			152,286,331	31,718,822	74,464,010	9,744,862	34,289,100	2,069,538
Liabilities								
Reinsurance Payables	315	24	524,897	524,897	-	-	-	-
Lease Liabilities	267	8.(b)	233,814	76,659	105,254	49,578	2,323	-
Trade and Other Payables	316	25	4,765,374	4,765,374	-	-	-	-
Interest Bearing Borrowings	314	23.(a)	3,210,934	3,210,934	-	-	-	-
Bank Overdraft	305	20	450,203	450,203	-	-	-	-
			9,185,223	9,028,068	105,254	49,578	2,323	-

Company
As at December 2022

Asset and Liabilities			Total	Less Than 1 Year	1 year to 3 Years	3 year to 5 Years	5 year to 15 Years	More than 15 Years
	Page	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets								
Financial Instruments								
Held-to-Maturity Financial Assets								
Debt securities	279	12.(a)	91,730,251	29,756,812	23,686,396	11,098,800	25,313,970	1,874,273
Loans and Receivables	280	12.(b)	64,965,242	35,737,006	12,898,405	10,128,346	6,201,485	-
Available-for-Sale Financial Assets								
Equity securities			92,859	92,859	-	-	-	-
Debt securities			529,083	419,559	73,218	-	36,306	-
Financial Assets at Fair Value through Profit or Loss								
Equity securities	283	12.(d)	887	887	-	-	-	-
Debt securities			467,092	467,092	-	-	-	-
Reinsurance Receivables	297	15.(a)	499,817	499,817				
Loans to life Policyholders	302	17	2,703,622	584,475	693,659	377,614	816,222	231,652
Premium Receivables	304	18	368,089	368,089	-	-	-	-
Cash and Cash Equivalents	305	20	405,331	405,331	-	-	-	-
			161,762,272	68,331,926	37,351,678	21,604,760	32,367,983	2,105,925
Liabilities								
Reinsurance Payables	315	24	686,493	686,493	-	-	-	-
Lease Liabilities	267	8.(c)	264,930	92,989	121,211	38,001	12,729	-
Trade and Other Payables	316	25	4,436,632	4,436,632	-	-	-	-
Bank Overdraft	305	20	725,523	725,523	-	-	-	-
			6,113,578	5,941,637	121,211	38,001	12,729	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 2021

Asset and Liabilities			Total	Less Than 1 Year	1 year to 3 Years	3 year to 5 Years	5 year to 15 Years	More than 15 Years
	Page	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets								
Financial Instruments								
Held-to-Maturity Financial Assets								
Debt securities	279	12.(a)	63,905,377	2,519,034	28,254,273	8,106,586	23,148,417	1,877,067
Loans and receivables	280	12.(b)	83,943,190	26,495,159	45,669,186	1,412,003	10,366,841	-
Available-for-Sale Financial Assets								
Equity securities	281	12.(c)	124,576	124,576	-	-	-	-
Debt securities			491,532	128,333	292,879	-	70,321	-
Financial Assets at Fair Value through Profit or Loss								
Equity securities	283	12.(d)	1,073	1,073	-	-	-	-
Reinsurance Receivables	297	15	392,170	392,170	-	-	-	-
Loans to life Policyholders	302	17	1,561,980	192,044	247,672	226,273	703,521	192,471
Premium Receivables	304	18	336,496	336,496	-	-	-	-
Cash and Cash Equivalents	305	20	494,350	494,350	-	-	-	-
			151,250,745	30,683,236	74,464,010	9,744,862	34,289,100	2,069,538
Liabilities								
Reinsurance Payables	315	24	524,897	524,897	-	-	-	-
Lease Liabilities	267	8.(b)	251,560	73,059	126,600	49,578	2,323	-
Trade and Other Payables	316	25	4,486,107	4,486,107	-	-	-	-
Interest Bearing Borrowings	314	23.(a)	3,202,054	3,202,054	-	-	-	-
Bank Overdraft	305	20	404,397	404,397	-	-	-	-
			8,869,015	8,690,514	126,600	49,578	2,323	-

The Company has no significant concentration of liquidity risk during the reporting period.

42. PROVISIONS, COMMITMENTS AND CONTINGENCIES

ACCOUNTING POLICY

Provisions are recognised when the Group/Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. The expense relating to provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All known provisions have been accounted for in preparing the Financial Statements. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured. Contingent liabilities are not recognised in the statement of financial position but disclosed as a note to the financial statements. Contingent assets are disclosed, where inflow of economic benefit is probable.

42.(a) Legal proceedings and regulations

There are no any contingencies due to legal proceeding and regulations.

42.(b) Capital Commitments

Capital Commitments relating to the property, plant and equipment's have been disclosed separately in Note 7 (c).

42.(c) Assessments from Department of Inland Revenue

Tax Assessments on Income Tax

The Company received Income Tax Assessments from the Department of Inland Revenue for the Years of Assessment (Y/A) 2015/16, 2016/17, 2017/18 and 2018/19, which are in contrary to the Inland Revenue Act.

Assessment relating to 2018/19 is being heard by the office of the Commissioner General of Inland Revenue (CGIR) currently. Determinations of the CGIR for the assessments relating to the Y/A 2015/16, 2016/17 and 2017/18 were given against the Company. The Company duly appealed to the Tax Appeal Commission against the decisions of the CGIR and the appeals are being heard at the Tax Appeals Commission.

All of these Assessments have been issued mainly under Section 92 of the Inland Revenue Act, No. 10 of 2006 and this is a concern of the life insurance industry as a whole. Further, part of the assessment relating 2018/19 have been issued under section 67 of the Inland Revenue Act, No. 24 of 2017 which came to effect on 01/04/2018.

The Company is of the view that the probability of materializing any of the assessments against the Company is very remote due to the fact that the Company has complied with the requirements of the Inland Revenue Act No. 10 of 2006 and Act No. 24 of 2017. Accordingly, no additional provision has been recognized in respect of these Assessments in the Financial Statements.

Tax Assessments on VAT

The Company received Assessments for year 2017, 2018 and 2019 under the Value Added Tax Act, No 14 of 2002 from the Department of Inland Revenue with regard to other income and claimability of input tax.

The Company has duly appealed against all of these Assessments to the Department of Inland Revenue in consultation with the Company's Tax Consultant.

In respect of those Assessments, CGIR has agreed on the settlement proposal submitted by the Company. Accordingly, there is no any on going assessments relating to VAT at the end of year 2022.

Tax assessment on VAT and NBT on financial services

The Company has received assessments for year 2016, 2017 on both VAT and NBT on Financial Services (FS). Further, the Company has received another assessment for year 2018 on VAT on FS. All of those assessments were issued under the Value Added Tax Act, No 14 of 2002 by the Inland Revenue Department.

Upon receipt of the assessments, The Company has duly appealed against these Assessments to the Inland Revenue Department in consultation with the Company's Tax Consultant. These assessments are being heard by respective Commissioners at the office of CGIR .

The Company is of the view that, it is out of scope of VAT on FS and NBT on FS as the Company engages in the business of Life Insurance. This stance has been communicated to the CGIR.

Similar assessments have been received by the other players in the industry as well on the same grounds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company is of the view of that the probability of 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.

43. ASSETS PLEDGED

Assets pledged as at the end of respective reporting periods are provided below.

Nature of Assets	Nature of Liability	CARRYING AMOUNT PLEDGED	
		2022	2021
		Rs.'000	Rs.'000
Fixed Deposits	Pledged to Seylan Bank PLC to obtain banking facilities. (Financial Instrument Classification - Loans & Receivables)	-	134,000

44. RELATED PARTY DISCLOSURES

ACCOUNTING POLICY

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 - "Related Party Disclosures".

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Group has not recorded an impairment of receivables relating to amounts owed by related parties (2021 - Nil).

According to 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 have been classified as Key Management Personnel of the Company. In addition, Chief Executive Officer has also been classified as Key Management Personnel of the Company.

As Ceylinco Insurance PLC (CIPLC) is the ultimate parent of the Company, and the Board of Directors of CIPLC have the authority and responsibility for planning, directing and controlling the activities of the Company, the Directors of CIPLC have also been identified as Key Management Personnel of the Company.

Close Family Members (CFM) of the KMP are those family members who may be expected to influence, or be influenced by, that KMPs in their dealing with the entity. They may include:

- (a) The KMP's domestic partner and children;
- (b) Children of the KMP's domestic partner; and
- (c) Dependent of the KMP or the KMP's domestic partner

CFM are related parties to the entity. There were no transactions with CFM during the year.

	Page	Note	COMPANY	
			2022	2021
			Rs.	Rs.
44. I Amounts recieved from related parties				
Subsidiaries	347	44.I.a	10,466,073	9,191,247
Equity accounted investees	348	44.II.b	202,840,441	273,350,603
Other related companies	347	44.I.c	495,306,379	353,366,021
Key management personnel	347	44.I.d	-	90,651,712
Total			708,612,893	726,559,583
44.II Amounts paid to related parties				
Subsidiaries	347	44.II.a	(75,000,000)	(79,687,500)
Equity accounted investees	348	44.II.b	(3,319,000,000)	(23,543,856)
Other related companies	348	44.II.c	(848,352,248)	(847,942,379)
Key management personnel	348	44.II.d	(526,750,643)	(453,731,063)
			(4,769,102,891)	(1,404,904,798)
Transaction with related parties				
Amount recieved from related parties				
44.I.a Subsidiaries				
Ceylinco Health Care Services Ltd.	349	44.IV.a	5,358,052	4,718,902
Serene Resorts Ltd.	349	44.IV.a	5,108,021	4,472,345
			10,466,073	9,191,247
44.I.b Equity accounted investees				
Citizen Development Business Finance PLC	350	44.IV.b	202,840,441	273,350,603
			202,840,441	273,350,603
44.I.c Other related companies				
Ceylinco General Insurance Ltd.	350	44.IV.c	495,306,379	353,366,021
			495,306,379	353,366,021
44.I.d Key management personnel				
Premium Received/(Maturity of Insurance Policies)	349	44.III.d	(32,508,793)	90,651,712
			(32,508,793)	90,651,712
Amounts paid to related parties				
44.II.a Subsidiaries				
Ceylinco Health Care Services Ltd.	349	44.IV.a	-	(4,687,500)
Serene Resorts Ltd.	349	44.IV.a	(75,000,000)	(75,000,000)*
			(75,000,000)	(79,687,500)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Page	Note	COMPANY	
			2022	2021
			Rs.	Rs.
44.II.b Equity accounted investees				
Citizen Development Business Finance PLC	350	44.IV.b	(2,000,000)	(23,543,856)
Kings Hospital Colombo Pvt Ltd	350	44.IV.b	(3,317,000,000)*	-
			(3,319,000,000)	(23,543,856)
44.II.c Other Related companies				
Ceylinco General Insurance Ltd.	350	44.IV.c	(60,851,460)	(65,442,379)
Ceylinco Insurance PLC	350	44.IV.c	(787,500,788)	(782,500,000)
			(848,352,248)	(847,942,379)
44.II.d Key management personnel				
Short-term employee benefits	350	44.IV.d	(423,452,488)	(382,585,055)
Post employment benefits	350	44.IV.d	(66,166,028)	(68,648,508)
Legal Fees paid	349	44.III.d	(4,623,334)	(2,497,500)
			(494,241,850)	(453,731,063)
44.III Transaction with related parties				
44.III.a Subsidiaries				
Premium Received/(paid)			273,517	122,345
Rent Received/ (paid)			7,470,000	6,810,000
Investment in Shares			(75,000,000)	-
Medical Fees for staff & Customers			-	(4,687,500)
Reimbursement of Expenses			2,673,548	2,144,236
Advances			-	(75,000,000)
Miscellaneous Receipt			49,008	-
			(64,533,927)	(70,610,919)
44.III.b Equity accounted investees				
Insurance Premium Received/(paid)			40,645,537	30,644,924
Purchase of Shares by the Company			(1,834,000,000)	-
Investment in Debentures			(1,483,000,000)	-
Maturity of Debenture Investment			15,500,000	-
Claim (Received)/paid			(2,000,000)	(23,543,856)
Dividend Received/ (paid)			80,617,860	161,235,720
Rent Received/ (paid)			2,827,044	2,719,959
Interest Received/ (paid)			63,250,000	78,750,000
			(3,116,159,559)	249,806,747

*This represents an advance of Rs. 75 million paid during 2021 in relation to shares which were issued in 2022.

* This represents an investment of 1.5 Bn in debentures which are yet to be allocated.

COMPANY

2022 2021

Page Note Rs. Rs.

44.III.c Other related companies

Premium paid			(52,951,460)	(60,092,379)
Premium Received			38,424,593	33,810,098
Claim (Received)/paid			(1,018,214)	(534,221)
Dividend Received/ (paid)			(787,500,788)	(782,500,000)
Rent Received/ (paid)			-	14,740,144
Sale of Property			450,000,000	300,000,000
			(353,045,869)	(494,576,357)

44.III.d Key management personnel

Premium Received/(Maturity of Insurance Policies)			(32,508,793)	90,651,712
Short-term employee benefits			(423,452,488)	(382,585,055)
Post employment benefits			(66,166,028)	(68,648,508)
Legal Fees paid			(4,623,334)	(2,497,500)
			(526,750,643)	(363,079,351)
Total			(4,060,489,997)	(678,459,881)

44.IV Transaction with related parties - Subsidiaries**44.IV.a Ceylinco Health Care Services Ltd.**

Premium Received/(paid)			138,251	114,666
Rent Received/ (paid)			2,520,000	2,460,000
Medical Fees for staff & Customers			-	(4,687,500)
Reimbursement of Expenses			2,673,548	2,144,236
Miscellaneous Receipt			26,253	-
			5,358,052	31,402

Serene Resorts Ltd.

Premium Received/(paid)			135,266	122,345
Investment In Shares			(75,000,000)	-
Rent Received/ (paid)			4,950,000	4,350,000
Advances			-	(75,000,000)
Miscellaneous Receipt			22,755	-
			(69,891,979)	(70,527,656)
Total			(64,533,926)	(70,496,253)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Page	Note	COMPANY	
			2022	2021
			Rs.	Rs.
44.IV.b Transaction with related parties - Associates				
Citizen Development Business Finance PLC				
Insurance Premium Received			40,645,537	30,644,924
Maturity of Debenture Investment			15,500,000	-
Claim paid			(2,000,000)	(23,543,856)
Dividend Received/ (paid)			80,617,860	161,235,720
Rent Received/ (paid)			2,827,044	2,719,959
Interest Received/ (paid)			63,250,000	78,750,000
Total			200,840,441	249,806,747
Kings Hospital Colombo Pvt Ltd				
Investment in Shares			(1,834,000,000)	-
Investment in Debentures			(1,483,000,000)	-
Total			(3,317,000,000)	-
Total			(3,116,159,559)	249,806,747
44.IV.c Transaction with related parties - Other Related companies				
Ceylinco General Insurance Ltd.				
Premium paid			(52,951,460)	(60,092,379)
Premium Received			38,424,593	33,810,098
Claim paid			(7,900,000)	(5,350,000)
Claim Received			6,881,786	4,815,779
Rent Received/ (paid)			-	14,740,144
Sale of Property			450,000,000	300,000,000
			434,454,919	287,923,643
Ceylinco Insurance PLC				
Dividend paid			(787,500,788)	(782,500,000)
			(787,500,788)	(782,500,000)
Total			(353,045,869)	(494,576,357)
44.IV.d Compensation of Key management personnel				
The summary of compensation of key management personnel for the year is, as follows:				
Short-term employee benefits			(423,452,488)	(382,585,055)
Post employment benefits			(66,166,028)	(68,648,508)
Total			(489,618,516)	(451,233,563)

The amounts disclosed in the above table are the amounts recognised as an expense during the reporting period related to key management personnel.

No loans have been given to the Directors of the Company.

Investment in Associate

No restrictions are placed on the ability of the associate to transfer funds to the parent company in the form of cash dividends or for the repayment of loans when due.

No guarantees or collaterals were provided to the associate.

45. EVENTS AFTER THE REPORTING DATE

Events after the reporting period are those events, favourable and unfavourable, that occur between the Reporting date and the date when the Financial Statements are authorised for issue.

Proposed Dividend

The Board of Directors has proposed a final dividend of Rs.18.25 (2021 Rs.15.75) per share amounting to a total of Rs. 912.5 Million (2021 - Rs. 787.5 million) subject to a Withholding Tax of 15% on 23 February 2023 out of the profit for the year ended 31 December 2022 subject to the approval of shareholder at the Annual General Meeting. As required by the Section 56 of the Companies Act No. 07 of 2007, the Boards of Directors of the Company has confirmed that the company satisfies the 'Solvency Test'. In accordance with LKAS 10 - "Events after the reporting period", the proposed dividend has not been recognised as a liability in the Financial Statements.

46. EMPLOYEE AND INDUSTRIAL RELATIONS

There were no material issues pertaining to Employees & Industrial relations during the year.

47. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company 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 specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, 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.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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 2025.

Present Status of the SLFRS 9

The management is currently in the process of implementing initial classification of financial instruments and assessed the impact to financial instruments from the impairment assessments according to Expected Credit Loss (ECL) Model.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non current - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify -

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

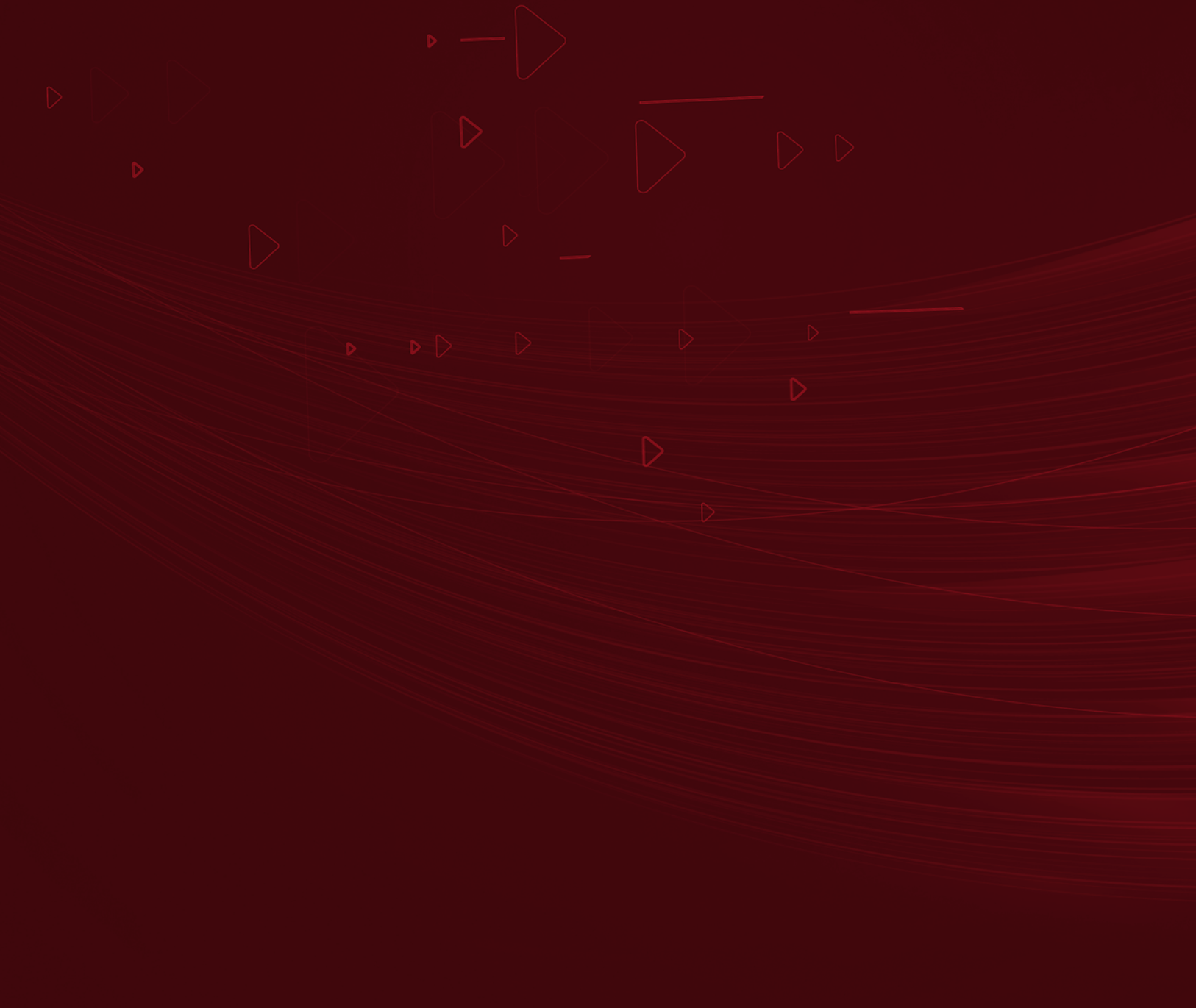
48. SURCHARGE TAX

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8th April 2022, the Company is liable for the surcharge tax of Rs. 1,713.7 million out of the taxable income of Rs. 6,855 million pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022. The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below:

	COMPANY
	Rs.'000
Profit after tax for the year 2020	6,934,121
Surcharge tax levied under Surcharge Tax Act	(1,713,738)
Comparable profit for the year 2020	5,220,383

SUPPLEMENTARY INFORMATION

Annexes



STATEMENT OF SUPPLEMENTARY FINANCIAL POSITION - POLICYHOLDERS

As at 31 December	2022	2021
	Rs.'000	Rs.'000
Assets		
Property, Plant and Equipment	8,995,049	7,459,245
Right-of-use Asset	195,813	238,137
Investment Properties	1,794,750	1,646,100
Investment in Subsidiaries	15,000	15,000
Investment in Associates	42,990	42,990
Financial Instruments		
Held to Maturity Financial Assets	81,283,782	55,386,380
Loans and Receivables	40,206,552	59,537,103
Available-For-Sale Financial Assets	619,417	613,583
Financial Assets at Fair Value Through Profit or Loss	467,979	1,073
Employee Gratuity Benefit Asset	2,311,086	1,141,784
Employee Pension Benefit Asset	751,877	78,393
Reinsurance Receivables	499,816	392,170
Loans to Life policyholders	2,703,622	1,561,981
Premium Receivables	368,089	336,496
Other Assets	216,909	113,180
Cash and Cash Equivalents	405,290	359,970
Total Assets	140,878,021	128,923,583
Equity and Liabilities		
Liabilities		
Insurance Contract Liabilities - Life	134,885,839	119,634,780
Insurance Contract Liabilities - Unit Linked	254,911	318,852
Insurance Contract Liabilities - Family Takaful	16,087	15,973
Individual Investment Fund - ISF	392,339	351,441
Reinsurance Payables	686,492	524,897
Trade and Other Payables	3,721,589	4,219,629
Lease Liabilities	207,338	251,560
Interest Bearing Borrowings	-	3,202,054
Bank Overdraft	713,426	404,397
Total Liabilities	140,878,021	128,923,583
Total Equity and Liabilities	140,878,021	128,923,583

INSURANCE REVENUE ACCOUNT

For the Year Ended 31st December,	Glossary item		2022	2021	%
	Page		Rs. '000	Rs. '000	Change
Gross Written Premium	369	22	29,160,164	25,565,050	14.06
Net Written Premium (Net of Premiums ceded to reinsurers)	370	38	28,687,967	25,256,552	13.59
Investment and Other Income Attributable to Policyholders			15,861,716	11,781,627	34.63
Net Benefits Paid	370	39	(18,969,267)	(12,736,308)	48.94
Increase in Long Term Insurance Fund			(13,375,957)	(11,803,985)	13.32
Acquisition Cost	369	01	(2,097,314)	(2,369,754)	(11.50)
Operating and Administrative Expenses Attributable to Policyholders			(3,965,135)	(4,496,968)	(11.83)
Interest Expense			(103,079)	(91,414)	12.76
Tax expenses			(1,210,168)	(1,039,749)	16.39
Surplus from Life Insurance Business	370	33	4,828,763	4,500,000	7.3
Surplus From Life Insurance Business			4,828,763	4,500,000	7.31
Investment & Other Income not Attributable to Policyholders			4,209,522	3,347,512	25.75
Operating and Administrative Expenses not Attributable to Policyholders			(335,572)	(339,662)	(1.20)
Interest Expense			(1,303)	(2,229)	(41.52)
Tax expenses			(1,069,635)	(731,130)	46.30
Profits From Operations After Interest and Tax Expenses			7,631,777	6,774,490	12.65

QUARTERLY ANALYSIS 2022

COMPANY STATEMENT OF INCOME

(Values are to the nearest rupees thousand)

	1st quarter Jan - Mar. 22	2nd quarter Apr - Jun. 22	3rd quarter Jul - Sep. 22	4th quarter Oct - Dec. 22	Total Jan - Dec. 21
Gross written premiums	7,305,995	7,495,992	6,873,531	7,484,646	29,160,164
Premiums ceded to reinsurers	(124,641)	(123,041)	(120,290)	(104,225)	(472,197)
Net written premiums	7,181,354	7,372,952	6,753,241	7,380,421	28,687,967
Net earned premium	7,181,354	7,372,952	6,753,241	7,380,421	28,687,967
Investment and Other Income	3,905,801	4,182,126	5,070,237	6,913,074	20,071,237
Net Income	11,087,155	11,555,077	11,823,478	14,293,495	48,759,205
Net benefits and claims	(3,601,466)	(3,945,566)	(4,474,731)	(6,947,503)	(18,969,266)
Gross Change in Contract Liabilities	(4,036,537)	(4,331,915)	(1,376,719)	(3,630,786)	(13,375,957)
Acquisition cost	(608,866)	(492,979)	(468,484)	(526,986)	(2,097,314)
Other operating and administrative expenses	(1,254,310)	(1,094,256)	(1,019,576)	(932,564)	(4,300,705)
Finance cost	(25,522)	(22,974)	(23,170)	(32,715)	(104,382)
Total benefits, claims and other expenses	(9,526,701)	(9,887,689)	(7,362,680)	(12,070,554)	(38,847,624)
Profit before tax	1,560,453	1,667,388	4,460,798	2,222,941	9,911,580
Income tax expense	(324,776)	(324,776)	(324,776)	(1,305,473)	(2,279,803)
Profit for the year	1,235,677	1,342,612	4,136,022	917,468	7,631,777

QUARTERLY ANALYSIS 2021

COMPANY STATEMENT OF INCOME

(Values are to the nearest rupees thousand)

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	Jan - Mar. 21	Apr - Jun. 21	Jul - Sep. 21	Oct - Dec. 21	Jan - Dec. 21
Gross written premiums	5,729,595	5,878,272	5,662,658	8,294,526	25,565,050
Premiums ceded to reinsurers	(155,103)	(111,047)	(160,311)	117,961	(308,499)
Net written premiums	5,574,492	5,767,225	5,502,347	8,412,487	25,256,552
Net earned premium	5,574,492	5,767,225	5,502,347	8,412,487	25,256,552
Investment and Other Income	3,559,540	3,544,076	3,751,308	4,274,215	15,129,139
Net Income	9,134,033	9,311,301	9,253,655	12,686,703	40,385,691
Net benefits and claims	(2,977,147)	(3,067,987)	(3,467,537)	(3,223,636)	(12,736,308)
Gross Change in Contract Liabilities	(3,011,010)	(3,295,489)	(2,726,889)	(2,770,598)	(11,803,985)
Acquisition cost	(646,143)	(512,097)	(558,568)	(652,946)	(2,369,754)
Other operating and administrative expenses	(1,065,593)	(1,037,004)	(1,120,019)	(1,614,015)	(4,836,630)
Finance cost	(19,408)	(17,265)	(32,135)	(24,831)	(93,640)
Total benefits, claims and other expenses	(7,719,302)	(7,929,842)	(7,905,148)	(8,286,026)	(31,840,317)
Profit before share of associates	1,414,731	1,381,459	1,348,507	4,400,677	8,545,374
Share of profit of associates	-	-	-	-	-
Profit before tax	1,414,731	1,381,459	1,348,507	4,400,677	8,545,374
Income tax expense	(305,371)	(305,371)	(68,030)	(1,092,111)	(1,770,883)
Profit for the year	1,109,360	1,076,088	1,280,477	3,308,566	6,774,491

TEN YEAR SUMMARY

STATEMENT OF FINANCIAL POSITION

Company	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets										
Intangible Assets	317,695	296,448	362,838	349,626	37,358	56,950	2,759	645	2,198	4,609
Property, plant and equipment	12,031,022	10,415,154	9,478,336	9,401,318	7,567,806	7,371,782	7,068,634	5,343,752	4,760,395	4,596,053
Investments	165,906,315	154,455,119	133,707,835	116,918,311	103,744,945	92,264,065	84,220,630	67,139,575	57,209,653	50,751,773
Other assets	13,276,908	8,596,232	7,252,377	6,542,149	6,709,280	6,402,008	5,166,066	7,751,193	9,096,076	8,593,577
Total Assets	191,531,940	173,762,956	150,801,386	133,211,403	118,059,390	106,094,805	96,458,089	80,235,165	71,068,322	63,946,012
Liabilities										
Insurance provision - Life	134,885,839	119,634,780	106,737,377	96,204,089	88,049,202	81,723,759	77,925,144	68,011,535	60,021,879	52,765,411
Unit linked Fund and other funds	663,337	686,266	657,389	582,925	519,695	427,146	333,129	268,062	228,872	190,135
Equity and Other Liabilities	55,982,764	53,441,910	43,406,620	36,424,389	29,490,493	23,943,900	18,199,816	11,955,567	10,817,572	10,990,466
Total Liabilities	191,531,940	173,762,956	150,801,386	133,211,403	118,059,390	106,094,805	96,458,089	80,235,165	71,068,322	63,946,012
Investor Information										
Return on net assets (%)	15.45	15.33	18.18	21.19	21.93	45.87	25.85	21.81		
Return on Total Assets (%)	3.98	3.90	4.60	5.01	4.91	8.67	3.19	2.57		
Net assets per share Rs.	987.98	883.88	762.90	629.84	528.51	412.94	238.24	188.93		
Earnings per share Rs.	152.64	135.49	138.68	133.43	115.89	199.35	61.58	38.03		
Dividend per share Rs.	18.25	15.75	-	13.40	11.90	9.00	7.50	6.25		
Dividend Cover (Times)	8.36	8.60	-	9.96	9.74	21.04	8.21	6.08		
Dividend Payout Ratio (%)	11.96	11.55	-	10.04	10.27	4.75	12.18	16.44		

TEN YEAR SUMMARY

STATEMENT OF COMPREHENSIVE INCOME

Company	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Gross written Premium	29,160,164	25,565,050	22,076,250	18,718,553	17,812,774	15,765,484	15,027,600	13,456,828	12,002,524	11,122,906
Net written premium	28,687,967	25,256,551	21,570,788	18,168,431	17,355,265	15,343,267	14,653,771	13,146,773	11,715,219	10,866,904
Investment income and other income	20,071,237	15,129,139	14,912,201	13,392,554	11,394,234	10,280,547	8,780,689	6,740,775	6,826,012	6,706,341
Net claims and benefit	(18,969,266)	(12,736,308)	(12,266,513)	(10,604,066)	(9,803,550)	(6,686,980)	(6,651,682)	(5,956,745)	(4,893,847)	(4,757,321)
Acquisition Cost	(2,097,314)	(2,369,754)	(2,123,644)	(1,962,792)	(1,926,454)	(1,782,479)	(1,693,985)	(1,610,178)	(1,389,842)	(1,353,905)
Increase in Long Term Insurance fund	(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)	(7,654,622)
Change in Contract Liabilities Due to Transfer of One-Off Surplus	-	-	-	-	-	3,456,184	-	-	-	-
Operating & Administrative expenses	(4,300,705)	(4,836,630)	(3,823,330)	(3,550,209)	(3,384,487)	(3,532,496)	(2,937,262)	(2,994,099)	(2,673,594)	(2,517,219)
Finance Expenses	(104,382)	(93,640)	(78,995)	(42,170)	(20,328)	(12,005)	(9,915)	(10,214)	(29,394)	(9,817)
Profit Before Tax	9,911,580	8,545,373	8,766,513	8,211,938	7,157,388	9,807,535	3,743,727	2,181,009	2,298,086	1,280,361
Taxation	(2,279,803)	(1,770,883)	(1,832,391)	(1,540,269)	(1,363,100)	(340,109)	(667,686)	(120,963)	(935,099)	(39,973)
Profit After Tax	7,631,777	6,774,490	6,934,122	6,671,669	5,794,288	9,467,426	3,076,041	2,060,046	1,362,987	1,240,388

Employee Information

Revenue per employee	Rs.Mn	64.84	50.80	44.82	37.39	33.31	28.79	25.75	21.22
Net profit per employee	Rs.'000	13,180.29	10,748.90	10,769.67	9,729.78	8,294	11,020	4,114	2,328
Number of employees	Nos.	752	795	814	844	863	890	910	937

GRI CONTENT INDEX

Statement of use	Ceylinco Life Insurance Limited has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standards

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	10, inner back cover				
	2-2 Entities included in the organization's sustainability reporting	5, 10, 11				
	2-3 Reporting period, frequency and contact point	5, 7				
	2-4 Restatements of information	6				
	2-5 External assurance	7, 163, 228				
	2-6 Activities, value chain and other business relationships	64-65, 62, 120, 121				
	2-7 Employees	145-146				
	2-8 Workers who are not employees			Not applicable	Ceylinco Life does not engage with workers who are not employees	
	2-9 Governance structure and composition	168-171, 182, 185				
	2-10 Nomination and selection of the highest governance body	214-215				
	2-11 Chair of the highest governance body	185				
	2-12 Role of the highest governance body in overseeing the management of impacts	32, 185				
	2-13 Delegation of responsibility for managing impacts	32, 185				
	2-14 Role of the highest governance body in sustainability reporting	32, 185				
	2-15 Conflicts of interest	168-171, 346-351				
	2-16 Communication of critical concerns	38-46				
	2-17 Collective knowledge of the highest governance body	188				
	2-18 Evaluation of the performance of the highest governance body	188				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Page	Omission		GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	
	2-19 Remuneration policies	213			
	2-20 Process to determine remuneration	213			
	2-21 Annual total compensation ratio		2-21 a., b. & c.	Confidentiality constraints	Omitted due to sensitivity of the information
	2-22 Statement on sustainable development strategy	24-27			
	2-23 Policy commitments	7,158-159			
	2-24 Embedding policy commitments	158-159			
	2-25 Processes to remediate negative impacts	156			
	2-26 Mechanisms for seeking advice and raising concerns	190			
	2-27 Compliance with laws and regulations	201, 15-16, 137			
	2-28 Membership associations	124			
	2-29 Approach to stakeholder engagement	38-46			
	2-30 Collective bargaining agreements	156			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	47			A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.
	3-2 List of material topics	48-49			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	17			
	201-2 Financial implications and other risks and opportunities due to climate change		201-2 a.	Not applicable	Omitted due to non-relevance to the nature of our business
	201-3 Defined benefit plan obligations and other retirement plans	291-297			
	201-4 Financial assistance received from government		201-4 a., b. & c.	Not applicable	No financial assistance was received from the government

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	159				
	202-2 Proportion of senior management hired from the local community	146, 159				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	110-113				
	203-2 Significant indirect economic impacts	17				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	121				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	160				
	205-2 Communication and training about anti-corruption policies and procedures	160				
	205-3 Confirmed incidents of corruption and actions taken	160				
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	107				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 207: Tax 2019	207-1 Approach to tax	324 -325				
	207-2 Tax governance, control, and risk management	324-325				
	207-3 Stakeholder engagement and management of concerns related to tax	324-325				
	207-4 Country-by-country reporting	324-325				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	138-139				
	301-2 Recycled input materials used		301-2 a.	Not applicable	Not applicable since we are in the services sector	
	301-3 Reclaimed products and their packaging materials		301-3 a. & b.	Not applicable	Not applicable since we are in the services sector	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	137, 138				
	302-2 Energy consumption outside of the organization		302-2 a.,b. & c.	Not applicable	Not applicable since we are in the services sector	
	302-3 Energy intensity		302-3 a.,b., c. & d.	Not applicable	Not applicable since we are in the services sector	
	302-4 Reduction of energy consumption	137, 138				
	302-5 Reductions in energy requirements of products and services		302-5 a.,b. & c.	Not applicable	Not applicable since we are in the services sector	

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	139				
	303-2 Management of water discharge-related impacts	139				
	303-3 Water withdrawal	15				
	303-4 Water discharge	139				
	303-5 Water consumption	139				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	15				
	305-2 Energy indirect (Scope 2) GHG emissions	15				
	305-3 Other indirect (Scope 3) GHG emissions	15				
	305-4 GHG emissions intensity			Information unavailable	As a service organisation we do not measure emission intensity	
	305-5 Reduction of GHG emissions	26, 140-141				
	305-6 Emissions of ozone-depleting substances (ODS)			305-6 a., b., c. & d.	Information unavailable	The company does not track this information
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			305-7 a., b. & c.	Information unavailable	The company does not track this information
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	138				
	306-2 Management of significant waste-related impacts	138				
	306-3 Waste generated	140				
	306-4 Waste diverted from disposal	140				
	306-5 Waste directed to disposal			306-5 a., b., c., d. & e.	Information unavailable	The company does not track this information

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	149, 159				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	154-155				
	401-3 Parental leave	159				
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	160				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	153-155				
	403-2 Hazard identification, risk assessment, and incident investigation	153-155				
	403-3 Occupational health services	153-155				
	403-4 Worker participation, consultation, and communication on occupational health and safety	153-155				
	403-5 Worker training on occupational health and safety	153-155				
	403-6 Promotion of worker health	153-155				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	153-155				
	403-8 Workers covered by an occupational health and safety management system	153-155				
	403-9 Work-related injuries	15				
	403-10 Work-related ill health	15				

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	15, 150, 151				
	404-2 Programs for upgrading employee skills and transition assistance programs	151-154				
	404-3 Percentage of employees receiving regular performance and career development reviews	15, 158				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	145-146, 184				
	405-2 Ratio of basic salary and remuneration of women to men		405-2 a. & b.	Confidentiality constraints	Omitted due to sensitivity of the information	
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	15				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	158-159				
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	158-159				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	110-113				
	413-2 Operations with significant actual and potential negative impacts on local communities		413-2 a.	Not applicable	The company has not identified such potential negative impacts	
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			Not applicable	Our products are insurance products which do not pose a health hazard to customers.	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	107				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	106-107				
	417-2 Incidents of non-compliance concerning product and service information and labeling	16, 107				
	417-3 Incidents of non-compliance concerning marketing communications	16, 107				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	16				
Socio-economic compliance						
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49				

GLOSSARY OF KEY TERMS

1. Acquisition Cost

All expenses which vary with and are primarily related to, the acquisition of new insurance contracts and renewal of existing insurance contracts (e.g. commissions).

2. Actuarial Valuation

A determination by an actuary at a specific date of the value of a life insurance company's liabilities. The purpose of a valuation is to determine if the Company holds adequate assets to fund the Company's liabilities.

3. Actuary

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

4. Admissible Assets

Assets that are included in determining an insurer's statutory solvency, specified under the rules made by the IRCSL under the regulation of Insurance Industry Act No. 43 of 2000.

5. Annuity

A series of regular payments. Annuities include annuities certain, where payments are made at definite times and life annuities where payments depend on the survival of an annuitant. A life annuity is a contract that provides a regular payment, typically monthly, during the life time of the policyholder or a fixed period if less. If the payment starts at the outset of the contract, it is an immediate annuity. If it starts at some point in the future, it is a deferred annuity.

6. Beneficiary

The person or financial institution (for e.g. a trust fund) named by the policyholder in the policy as the recipient of the sum assured and other eligible benefits due in the event of the policyholder's death.

7. Bonus

Bonus is a method of distribution of surplus amongst the participating policyholders of a life insurance company. A bonus is an enhancement to the basic sum assured under a contract and is declared as a percentage of the sum assured.

8. Sales Agent

A broker Sales agent is an intermediary between a prospective policyholder and a life insurance company.

9. Claims

The amount payable under a contract of life insurance arising from the occurrence of an insured event such as death, disability, injury, hospital or medical claims etc.

10. Claims Incurred

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses.

11. Claims Payable

The amounts provided to cover the estimated ultimate cost of settling claims arising out of events which have been notified by the reporting date, being the amounts due to beneficiaries together with claims handling expenses, less amounts already paid in respect of those claims.

12. Commission

Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition cost.

13. Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

14. Credit Life Insurance

Term life insurance issued through a lender or lending agency to cover payment of a loan, installment purchase or other obligation, in case of death of the policyholder.

15. Credit Risk

The potential for loss due to the failure of a borrower, endorser, guarantor or counterparty to repay a loan or honour another predetermined financial obligation.

16. Dividend per Share

Total dividend declared for the financial year, divided by the number of ordinary shares entitled to received that dividend.

17. Dividend Cover

Profits after tax divided by dividend, which measures the number of times dividends are covered by distributable profits for the period.

18. Earnings per Share

Net profits of the Company after tax, divided by the number of ordinary shares in issue.

19. Endowment

Life insurance payable to the policyholder if he or she is living on the maturity date stated in the policy or to a beneficiary if the insured dies before that date.

20. Ex-gratia Payment

A payment made to an insured where there is no liability to pay under the terms of the policy.

21. Financial Risk

The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

22. Gross Written Premium (GWP)

Premium to which the insurer is contractually entitled and receivable in the accounting period.

23. Global Reporting Initiative (GRI)

A leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development allied with the UN Global Compact.

24. Insurance Contract

An insurance contract 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, the insured sum of money or its equivalent in kind, upon the occurrence of a specified event that is contrary to the interest of the insured.

25. Insurance Provision - Long-Term

The fund to be maintained by an insurer in respect of its life insurance business in accordance with the Regulation of the Insurance Industry Act No. 43 of 2000.

26. Insurance Risk

Uncertainty over the likelihood of an insured event occurring, the quantum of the claim, or, the time when claims payments will fall due.

GLOSSARY OF KEY TERMS

27. Insurance Revenue Account

A statement which shows a financial summary of the insurance related revenue and expenditure transactions for the accounting period.

28. Interim Payments

Periodic payments to the policyholders on a specific type of policy Investment contract A contract, which contains significant financial risk and may contain insignificant insurance risk, but does not meet the definition of insurance.

29. Lapsed Policy

A policy lapses from the due date of the first unpaid premium, if the premium is not paid within the days of grace.

30. Liability Adequacy Test

An annual assessment of the sufficiency of insurance and/or investment contract with liabilities, to cover future insurance obligations.

31. Life Fund

Fund maintained to meet the obligation towards Life Policyholders.

32. Life Insurance Business

Insurance (including reinsurance) business falling within the classes of insurance specified as Long-term Insurance Business under the Regulation of Insurance Industry Act No. 43 of 2000.

33. Life Fund Surplus

The excess of the assets over the liabilities as determined by the actuary and after the distribution of dividends to policyholders.

34. Market Risk

The potential for a negative impact on the statement of financial position and/or income statement resulting from adverse changes in the value of financial instruments as a result of changes in certain market variables. These variables include interest rates, foreign exchange rates, equity and commodity prices and their implied volatilities, as well as credit spreads, credit migration and default.

35. Maturity

The time at which payment of the sum insured under a life insurance policy falls due at the end of its term.

36. Mortality

The ratio of deaths to the entire population or to a particular age group. It is globally

expressed in numbers or rates and set out in mortality tables.

37. Net Assets per Share

Net assets attributable to shareholders' equity divided by the number of ordinary shares issued.

38. Net Written Premium

Gross written premium less reinsurance premium ceded payable.

39. Net Claims Incurred

Claims incurred less reinsurance recoveries.

40. Operational Risk

The potential for loss resulting from inadequate or failed internal processes or systems, human interactions or external events, but excludes business risk.

41. Participating Business

Life Insurance business where the policyholders are contractually entitled to share in the surplus of the relevant life fund.

42. Policy schedule/booklet

The printed document issued to the policyholder by a life insurance company stating the terms of the insurance contract.

43. Policy Loan

Under an insurance policy, the amount that can be borrowed at a specific rate of interest from the issuing company by the policyholder, who used the value of the policy as collateral for the loan. In the event the policyholder dies with the debt partially or fully unpaid, the insurance company deducts the amount borrowed, plus any accumulated interest, from the amount payable.

44. Premium

The payment, or one of the periodic payments, a policyholder agrees to make for an insurance policy. Depending on the terms of the policy, the premium may be paid in single payment or a series of regular payments.

45. Reinsurance Commission

Commission received or receivable in respect of premium paid or payable to a reinsurer.

46. Reinsurance Premium Ceded

The premium payable to the reinsurer.

47. Retention

That part of the risk assumed which the insurer/reinsurer does not reinsure/ retrocede, i.e. retained net for own account.

48. Return on Shareholders' Equity

Profits after tax divided by total equity attributable to shareholders' as at the reporting date.

49. Return on Total Assets

Profits after tax divided by total assets attributable to shareholders.

50. Rider

An amendment to an insurance policy that modifies the policy by expanding or restricting its benefits or excluding certain conditions from coverage.

51. Risk Based Capital (RBC)

An amount of capital based on an assessment of risks that a company should hold to protect policyholders against adverse developments.

52. Surrender

Termination of an insurance policy by the insured before the expiry of its term.

53. Surrender Value

The sum payable by an insurance company upon the surrender of a life insurance policy before it has run its full course.

54. Total Available Capital (TAC)

Measures the actual available capital held by an insurer eligible to calculate capital adequacy.

55. Underwriter

Member of an insurance company that acts on behalf of his or her employer to negotiate, accept or reject the terms of an insurance contract. They are responsible for ensuring the quality and reliability of risk-transfer solutions. Their job is to develop products that best reflect the characteristics of the risks and clients' needs.

56. Underwriting

The process of classifying applicants for insurance by identifying such characteristics as age, sex, health, occupation and hobbies. People with similar characteristics are grouped together and are charged a premium based on the group's level of risk. The process includes rejection of unacceptable risks.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth (09) Annual General Meeting of the shareholders of Ceylinco Life Insurance Limited will be held at the Board Room of Ceylinco Life Insurance Limited, No. 106, Havelock Town, Colombo 05, on Tuesday, 28th March 2023 at 10.00a.m. to conduct the following business:

1. To read the Notice convening the Meeting.
2. To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company and the Audited Financial Statements for the year ended 31st December 2022 together with the Report of the Auditors thereon.
3. To declare a first and final dividend of Rs.18.25 per share for the year ended 31st December 2022, to the shareholders of the Company, as recommended by the Board of Directors, subject to the regulatory requirements of the IRCSL.
4. To re-elect Mr. D H J 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 having 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. D H J Gunawardena who will be 74 years in December 2023 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. D H J Gunawardena.
5. To re-elect Dr. B G S De Silva, 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 having 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 Dr. B G S De Silva who will be 72 years in December 2023 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 Dr. B G S De Silva.

6. To re-elect the following Directors who in terms of the Company's Articles of Association retire by rotation as given below;
 - To re-elect Mr. J A Setukavalar who retires by rotation in terms of Article 18B of the Article of Association
 - To re-elect Prof. W M M De Silva who retires by rotation in terms of Article 18B of the Article of Association
 - To re-elect Ms. A K Seneviratne who retires by rotation in terms of Article 18B of the Article of Association
7. To elect as a Director, Mr. O G V J Senanayake who was appointed as an Independent Non-Executive Director on 15th June 2022, in terms of Rule A.8.2 of the Code of Best Practice on Corporate Governance 2017.
8. To re-appoint Messers. Ernst & Young, Chartered Accountants as recommended by the Board of Directors as the Company's Auditors for the ensuing year and authorize the Directors to determine their remuneration.
9. To authorize the Directors to determine contributions to charities and other donations for the year ending 31st December 2023.

By Order of the Board of Ceylinco Life Insurance Limited,



K. I. Weththasinghe
Company Secretary

3rd March 2023

Note:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote his/ her behalf.
2. A proxy so appointed need not be a member of the Company.
3. A form of proxy accompanies this notice.

FORM OF PROXY

I/We*,..... (Please indicate full name)
 bearing NIC No./Company registration No. of
 being a member/*members of Ceylinco Life Insurance Limited, do hereby appoint
 Mr./Ms. (Please indicate full name) bearing
 NIC No. of or failing him/her;

Mr. R Renganathan	of Colombo or failing him	Prof. W M M De Silva	of Colombo or failing him
Mr. E T L Ranasinghe	of Colombo or failing him	Dr. B G S De Silva	of Colombo or failing him
Mr. P D M Cooray	of Colombo or failing him	Mr. H S B Caldera	of Colombo or failing him
Mr. P A Jayawardena	of Colombo or failing him	Ms. A K Seneviratne	of Colombo or failing her
Mr. S R Abeynayake	of Colombo or failing him	Mr. J Durairatnam	of Colombo or failing him
Mr. D H J Gunawardena	of Colombo or failing him	Mr. W W L R A Fernando	of Colombo or failing him
Mr. R S W Senanayake	of Colombo or failing him	Mr. O G V J Senanayake	of Colombo
Mr. J A Setukavalar	of Colombo or failing him		

as my/*our proxy to represent me/us * and vote as indicated below on my/our* behalf at the Ninth (09) Annual General Meeting of the Company to be held on 28th March 2023 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	FOR	AGAINST
1. To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company and the Audited Financial Statements for the year ended 31st December 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a first and final dividend of Rs.18.25per share for the year ended 31st December 2022.	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the ordinary resolution as set out in the Notice of the Meeting under item 04 for the re-election of Mr. D H J Gunawardena.	<input type="checkbox"/>	<input type="checkbox"/>
4. To pass the ordinary resolution as set out in the Notice of the Meeting under item 05 for the re-election of Dr. B G S De Silva.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect the following Directors who in terms of the Company's Articles of Association are retiring by rotation as given below;		
• To re-elect Mr. J A Setukavalar who retires by rotation in terms of Article 18B of the Article of Association	<input type="checkbox"/>	<input type="checkbox"/>
• To re-elect Prof. W M M De Silva who retires by rotation in terms of Article 18B of the Article of Association		
• To re-elect Ms. A K Seneviratne who retires by rotation in terms of Article 18B of the Article of Association		
6. To elect as a Director, Mr. O G V J Senanayake who was appointed as an Independent Non-Executive Director on 15th June 2022, in terms of Rule A.8.2 of the Code of Best Practice on Corporate Governance 2017.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs. Ernst & Young, Chartered Accountant as the Company's Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorize the Board of Directors to determine donations for the year ending 31st December 2023	<input type="checkbox"/>	<input type="checkbox"/>

Executed on this day of 2023

.....
 Signature of Shareholder

Note:

Instructions as to completion are given below. Please delete the inappropriate words and mark 'X' in the appropriate cages to indicate your instructions as to voting.

FORM OF PROXY

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 106, Havelock Town, Colombo 05, not less than 48 hours before the time appointed for holding the meeting.
4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

STAKEHOLDER FEEDBACK FORM

Your opinion matters, please share your views with us.

Which stakeholder group you belong to?

- | | | | | | |
|----------|--------------------------|-------------|--------------------------|-------------------|--------------------------|
| Employee | <input type="checkbox"/> | Shareholder | <input type="checkbox"/> | Investor Customer | <input type="checkbox"/> |
| Analyst | <input type="checkbox"/> | Supplier | <input type="checkbox"/> | Community | <input type="checkbox"/> |
| NGO | <input type="checkbox"/> | Other | <input type="checkbox"/> | | |

Does the report address issues of greatest interest to you?

- | | | | | | |
|-----------------|--------------------------|-----------|--------------------------|------------|--------------------------|
| Comprehensively | <input type="checkbox"/> | Partially | <input type="checkbox"/> | Not at all | <input type="checkbox"/> |
|-----------------|--------------------------|-----------|--------------------------|------------|--------------------------|

Please identify any additional matters that you think should be reported on?

.....

.....

.....

What was your overall impression of the report in terms of:

- | | Excellent | Good | Fair | Poor |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Content and scope | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Design and Layout | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Do you have any additional comment on the report?

.....

.....

.....

To request information or submit a comment / query to the Company, please provide the following details and return this page to;

The Company Secretary,
 Ceylinco Life Insurance Limited,
 No. 106, Havelock Road,
 Colombo 05,
 Sri Lanka

Name :

Permanent Mailing Address :

Contact Numbers

Tel. :

Fax :

E-mail :

Name of the Company (if applicable) :

Designation (if applicable) :

Company address (if applicable) :

CORPORATE INFORMATION

REGISTERED OFFICE

No. 106, Havelock Road,
Colombo 05, Sri Lanka

COMPANY REGISTRATION NUMBER

PB 5183

LEGAL FORM

A Public Company with limited liability incorporated on 22nd April 2014, Licensed as a Company authorized by the Insurance Regulatory Commission of Sri Lanka (formerly known as Insurance Board of Sri Lanka) to carry-on long term life insurance business under the Regulation of Insurance Industry Act No. 43 of 2000.

MAIN PLACE OF BUSINESS :

No. 106, Havelock Road,
Colombo 05, Sri Lanka

Telephone : **+94 11 4261000**

Call Centre : **+94 11 2461461 (Hotline)**

Fax : **+94 11 2437613, +94 11 2555959**

Email : **service@ceylife.lk**

Website : **www.ceylincolife.com**

PRINCIPAL ACTIVITIES

Underwriting all classes of life insurance

SUBSIDIARIES

Ceylinco Healthcare Services Limited
Serene Resorts Limited

ASSOCIATE COMPANY

Citizen Development Business
Finance PLC
Kings Hospital Colombo (Private) Limited

AUDITORS

Ernst & Young

Chartered Accountants
No. 201, De Saram Place,
Colombo 10

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
National Savings Bank
Nations Trust Bank PLC
National Development Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Union Bank of Colombo PLC
Standard Chartered Bank
(Custodian Bank)
Cargills Bank Ltd.
Stage Mortgage & Investment Bank
Housing Development Finance
Corporation Bank
Regional Development Bank

CONSULTING ACTUARIES

Willis Towers Watson India Private Ltd.,

Unitech Business Park, 2nd floor.
Tower- B, South City - 1, Sector 41
Gurgaon -122002, India

ACCOUNTING YEAR END

31 December

BOARD OF DIRECTORS

R Renganathan

Chairman - Executive Director

E T L Ranasinghe

Managing Director/CEO - Executive
Director

P D M Cooray

Head of HR and Training - Executive
Director

P A Jayawardena

Chief Financial Officer - Executive Director

S R Abeynayake

Deputy Chief Financial Officer - Executive
Director

D H J Gunawardena

Non - Executive Director

R S W Senanayake

Non-Executive Director

J A Setukavalar

Independent - Non-Executive Director

Prof. Emeritus W M M de Silva

Independent - Non-Executive Director

Dr. B G S de Silva

Independent - Non-Executive Director

J Wickramasinghe

Independent - Non-Executive Director
(Resigned w.e.f.27.05.2022)

H S B Caldera

Independent - Non-Executive Director

Ms. A K Seneviratne

Independent - Non-Executive Director

J Durairatnam

Independent - Non-Executive Director

W W L R A Fernando

Independent - Non-Executive Director

O G V J Senanayake

Independent - Non-Executive Director
(Appointed w.e.f.15.06.2022)

COMPANY SECRETARY

K I Weththasinghe

COMPLIANCE OFFICER

S R Abeynayake

This Annual Report is
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and produced by
Redworks.



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