

Together in strength, together in love

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வலிமையில் இணைந்து, அன்பில் ஒன்றிணைந்து

AIA INSURANCE LANKA LIMITED
ANNUAL REPORT 2025



**HEALTHIER, LONGER
BETTER LIVES**

Together in strength, together in love

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Backed by the enduring strength of the AIA Group, we walk beside Sri Lanka as a trusted life partner through every chapter of life. In moments of joy and in times of adversity, we show up with strength, compassion and care. As Sri Lanka's most loved insurer, our love is expressed not in words, but in action: by being present when it matters most and being a reassurance to a better life. We remain committed to helping Sri Lankans live healthier, longer, better lives today, and for the future we are building together.

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Annual Report 2025

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Commission of Sri Lanka (IRCSL)

Contents

Corporate Overview

- 02 Our Vision, Purpose and Our History
- 03 Financial Highlights
- 04 Our Local and Regional Presence
- 06 Message from the Chairman
- 08 Chief Executive Officer's Review

Management Discussion and Analysis

- 11 Management Discussion and Analysis

Governance

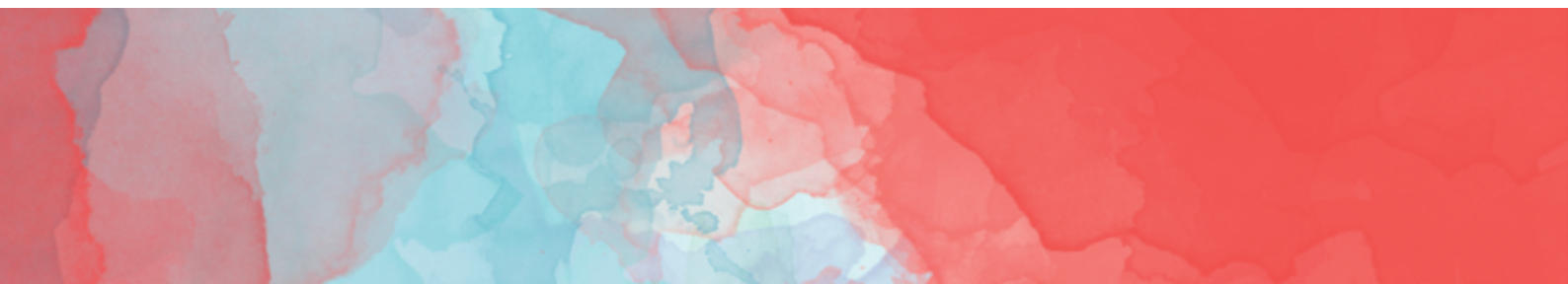
- 40 Board of Directors
- 44 Executive Committee and Senior Management Team
- 49 The Annual Report of the Board of Directors on the Affairs of the Company
- 57 Corporate Governance
- 81 Risk Management Review
- 83 Audit and Compliance Committee Report
- 85 Remuneration Committee Report
- 86 Related Party Transactions Review Committee Report
- 88 Nominations and Governance Committee Report
- 90 Investment Committee Report
- 91 Actuary's Report
- 92 Statement of Solvency
- 92 Statement of Approved Assets

Financial Reports

- 94 Chief Executive Officer's and Chief Financial Officer's Responsibility Statement
- 95 Directors' Statement of Responsibility on Financial Reporting
- 96 Independent Auditor's Report
- 99 Statement of Financial Position
- 100 Income Statement
- 101 Statement of Comprehensive Income
- 102 Statement of Changes in Equity – Group
- 103 Statement of Changes in Equity – Company
- 104 Statement of Cash Flows
- 105 Statement of Financial Position – Supplemental
- 106 Notes to the Financial Statements and Material Accounting Policy Information

Supplementary Information

- 158 Five Year Summary
- 160 Distribution Network
- 164 Corporate Information



Our Vision, Purpose and Our History

Our Vision

Being the pre-eminent life insurance provider in Sri Lanka.

Our Purpose

To play a leadership role in driving economic and social development in Sri Lanka, while helping Sri Lankans live a Healthier, Longer, Better Life.

Our History

AIA Group Limited ("AIA Group") Hong Kong, via its wholly owned subsidiary, AIA Company Limited ('AIA CO') Hong Kong, acquired an indirect controlling equity stake of 87.28 per cent in AIA Insurance Lanka Limited ('AIA Insurance Lanka') in December 2012 through AIA CO's direct purchase of the entire shareholding of AIA Holdings Lanka (Private) Limited ('AIA Holdings Lanka'), the majority shareholder of AIA Insurance Lanka. Consequent to the additional acquisition by AIA CO of a further direct five per cent equity holding in AIA Insurance Lanka, AIA Group's consolidated indirect equity holding in AIA Insurance Lanka increased to 92.28 per cent, with the remainder continuing to be held by the public.

Pursuant to a series of corporate restructurings within the prevailing legal and regulatory regime, AIA Holdings Lanka subsequently became the sole shareholder of AIA Insurance Lanka on 13 October 2020 with a registered holding of

100 per cent of AIA Insurance Lanka's issued and fully paid ordinary (voting) shares ('Shares'). AIA Insurance Lanka ceased to be a single shareholder company in the year 2022 pursuant to AIA CO being registered as a new shareholder of AIA Insurance Lanka with a direct 15.12 per cent minority equity holding in AIA Insurance Lanka, with the balance 84.88 per cent majority equity holding being held by AIA Holdings Lanka.

AIA Group thus continues, as at date, to hold (via its fully owned direct and indirect subsidiaries, AIA CO and AIA Holdings Lanka respectively), a consolidated indirect equity holding of 100 per cent in AIA Insurance Lanka. This is consistent with the target operating model followed by AIA Group, where its insurance operating units are held as wholly owned subsidiaries wherever possible and permissible, with the ultimate parent company, AIA Group, being the only publicly listed entity.

AIA Group at a Glance

AIA Group is a leading life insurer in the world by market capitalisation⁽¹⁾

HKEX
香港交易所

The largest independent publicly listed pan-Asian life insurance group on the Hong Kong Stock Exchange which is incorporated and headquartered in Hong Kong⁽¹⁾



No. 1 worldwide for MDRT members⁽¹⁾ and the only multinational company to top the table for 11 consecutive years

- ▶ Present in 18 markets and 100% focused on Asia
- ▶ Total assets of USD 328 billion⁽¹⁾
- ▶ Provides protection to people across the Asia-Pacific region with total sum assured of USD 2 trillion⁽²⁾
- ▶ Over USD 21 billion benefits and claims were paid during 2024
- ▶ Serving the holders of more than 43 million individual policies and over 16 million participating members of group insurance schemes

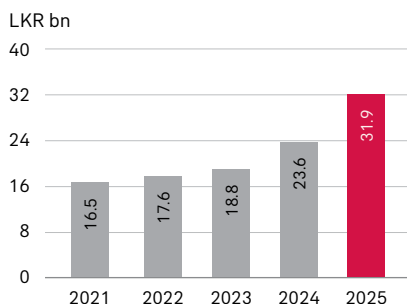
Notes:

(1) As at 30 June 2025

(2) As at 31 December 2024

Financial Highlights

GWP

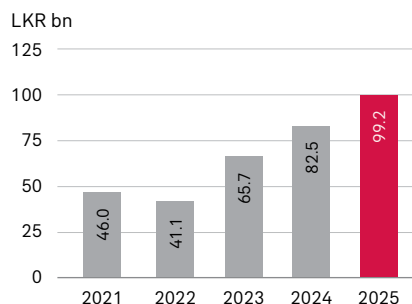


LKR 31.9 billion

Gross Written Premium (GWP)

2024 – LKR 23.6 billion

Insurance Liability

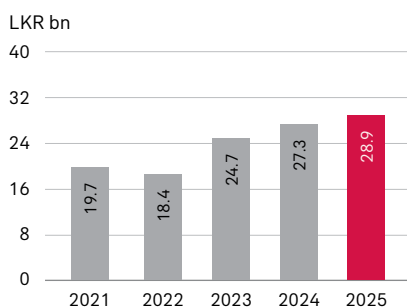


LKR 99.2 billion

Insurance Liability

2024 – LKR 82.5 billion

Net Assets

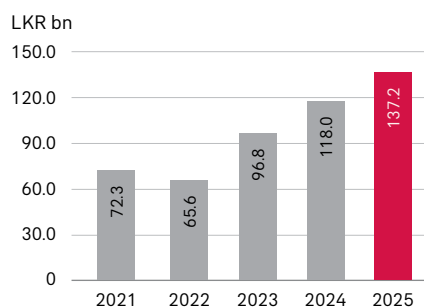


LKR 28.9 billion

Net Assets

2024 – LKR 27.3 billion

Total Assets



LKR 137.2 billion

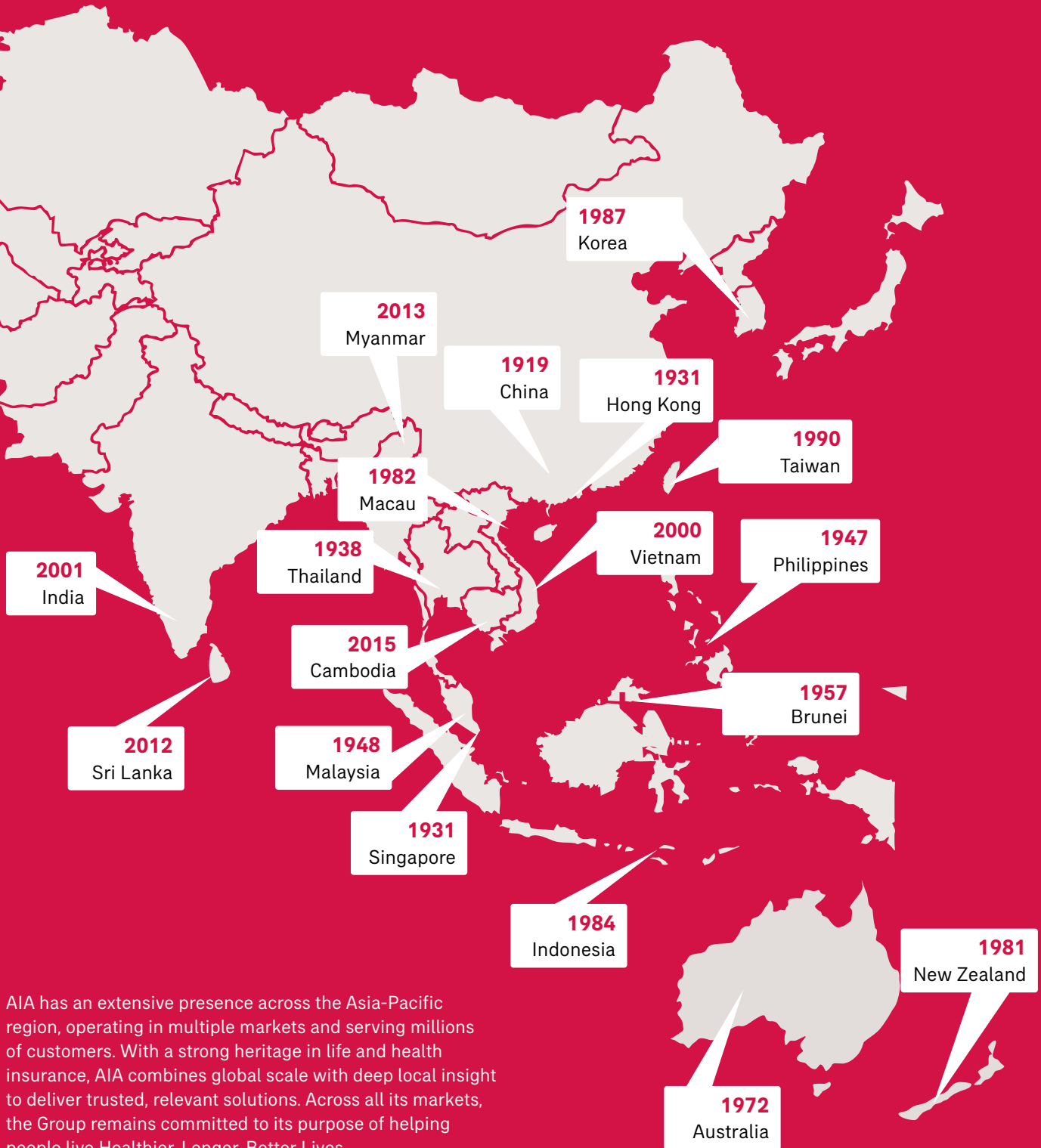
Total Assets

2024 – LKR 118.0 billion

Financial Highlights – Group		2025	2024	%
Total income	(LKR mn)	47,657	37,750	26.24
Profit before tax	(LKR mn)	3,804	3,890	(2.21)
Gross written premium	(LKR mn)	31,868	23,574	35.18
Net assets	(LKR mn)	28,855	27,296	5.71
Total assets	(LKR mn)	137,152	117,968	16.26
Insurance liabilities	(LKR mn)	99,201	82,494	20.25
Basic earnings per share	(LKR)	73.70	75.47	(2.35)
Dividend per share	(LKR)	33.00	28.00	17.86

Our Local and Regional Presence

Presence in 18 Markets in the Asia-Pacific Region



AIA has an extensive presence across the Asia-Pacific region, operating in multiple markets and serving millions of customers. With a strong heritage in life and health insurance, AIA combines global scale with deep local insight to deliver trusted, relevant solutions. Across all its markets, the Group remains committed to its purpose of helping people live Healthier, Longer, Better Lives.

Our Local and Regional Presence

BRANCH OFFICES

Ambalantota
 Anuradhapura
 Avissawella
 Badulla
 Bandarawela
 Battaramulla
 Batticaloa
 Chilaw
 Colombo
 Dambulla
 Embilipitiya
 Galle
 Gampaha
 Gampola
 Horana
 Ja-Ela
 Jaffna
 Kaluwanchikudi
 Kalutara
 Kandana
 Kandy
 Karapitiya
 Kegalle
 Kilinochchi
 Kiribathgoda
 Kuliypitiya
 Kurunegala
 Maharagama
 Mahiyanganaya
 Mannar
 Matale
 Matara
 Mirigama

Monaragala
 Moratuwa
 Negombo
 Nelliady
 Nugegoda
 Nuwara Eliya
 Polonnaruwa
 Ragama
 Ratnapura
 Trincomalee
 Vavuniya
 Wennappuwa

AREA DEVELOPMENT OFFICES

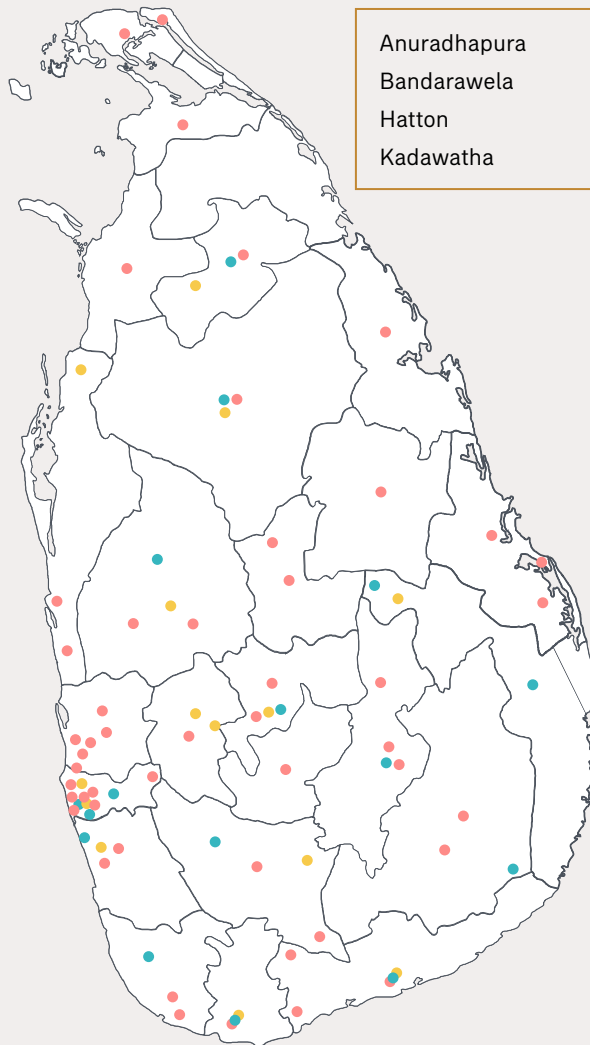
Akuressa
 Ampara
 Battaramulla
 Beliatte
 Colombo
 Dehiattakandiya
 Elpitiya
 Homagama
 Kandy

Mathugama
 Matara
 Mawanella
 Moratuwa
 Panadura
 Piliyandala
 Thissamaharama

REGIONAL DEVELOPMENT OFFICES

Anuradhapura
 Bandarawela
 Hatton
 Kadawatha

Kandy
 Malabe
 Marawila
 Matara
 Minuwangoda
 Panadura
 Vavuniya



Message from the Chairman



Throughout 2025, our organisation has continued to thrive, driven by disciplined execution and the strong foundations established over the past several years. During 2025, AIA Sri Lanka recorded a Gross Written Premium (GWP) of LKR 31.9 billion, reflecting a strong growth rate of 35.2 per cent. Our capital position remains exceptionally strong.

Alongside our strong financial performance, we continued to excel in customer focus, earning the #1 ranking in Customer Excellence (LMD Survey). Our ascent to the #1 position in Regular Premium business in Sri Lanka remains well within our reach.

With our strong brand, unmatched distribution network, and commitment to meeting the evolving financial needs of our customers, AIA Sri Lanka is well positioned to play a leading role in strengthening financial security and advancing financial inclusion across the country.

Message from the Chairman

It is with great pride and purpose that I reflect on my first full year leading AIA Sri Lanka. Throughout 2025, our organisation has continued to thrive, driven by disciplined execution and the strong foundations established over the past several years. Both our Agency and Partnership Distribution channels delivered exceptional performance, demonstrating the strength of our strategy, the quality of our leadership teams, and the relentless commitment of our people on the ground.

We recorded new business growth of 31.1 per cent as reflected by Annualised New Premium (ANP). Our Agency Distribution is one of the largest in the country, recording a stellar performance of high double digits in ANP in 2025 driven by improved activation and case size. Our Partnership Distribution (PD) is the undisputed leader in bancassurance in the country, serving customers of three leading banks in the country with exclusive reach to over 5 million customers in Sri Lanka.

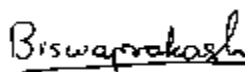
During 2025, AIA Sri Lanka recorded a Gross Written Premium (GWP) of LKR 31.9 billion, reflecting a strong growth rate of 35.2 per cent. This momentum was propelled primarily by the exceptional 42.1 per cent increase in First Year Premium (FYP), demonstrating our distribution excellence and our ability to improve persistency. We recorded a Consolidated Profit After Tax (PAT) of LKR 2.7 billion, which is similar to the previous year. Together, these achievements reflect an organisation progressing with confidence and purpose, expanding its impact on the lives of Sri Lankans. Our capital position remains exceptionally strong, with our Capital Adequacy Ratio exceeding 400 per cent for yet another year—more than three times the regulatory minimum. Such sustained capital strength provides us with ample headroom to navigate market volatility, support business expansion, and continue delivering long-term value for our policyholders and shareholders alike.

Alongside our strong financial performance, we continued to excel in customer focus, earning the #1 ranking in Customer Excellence (LMD Survey) and leading in Net Promoter Score (NPS) across both customers and distribution. Our distribution strength also remained unmatched, reflected in our #1 Million Dollar Round Table (MDRT) ranking in Sri Lanka, while we once again retained our position as the Most Loved brand in the corporate sector. Project AIA NOVA, which started in 2025, depicts our ambition to lead the industry in digitalization over the coming years.

As we look ahead, 2026 presents a constructive environment for continued progress. The Sri Lankan economy enters the year with renewed momentum, following the steady Gross Domestic Product (GDP) recovery seen through 2025, supported by low inflation, stronger external reserves, and improved business and customer confidence. Even with the disruptions brought by Cyclone Ditwah in the final quarter, the underlying fundamentals of the economy remain resilient, and medium-term prospects remain favourable. In this context, life insurance continues to be significantly underpenetrated in Sri Lanka, offering substantial potential for growth. With our strong brand, unmatched distribution network, and commitment to meeting the evolving financial needs of our customers, AIA Sri Lanka is well positioned to play a leading role in strengthening financial security and advancing financial inclusion across the country.

As we reflect on the strong performance delivered in 2025, I extend my sincere appreciation to our dedicated employees, Wealth Planners, and bank partners. Their passion, professionalism, and unwavering commitment have been central to our achievements. Most notably, our ascent to the #1 position in regular premium business in Sri Lanka remains well within our reach.

AIA Group is the largest independent publicly listed Pan-Asian life insurance group. With an extensive network of agents, partners, and employees across Asia, AIA serves more than 43 million individual policyholders and 16 million members under group insurance schemes. For 11 consecutive years, AIA Group has also been ranked the #1 MDRT globally, reflecting the unrivalled professionalism and scale of our distribution capabilities. This enduring leadership underscores AIA's strong and differentiated position in Asia. We remain unwavering in our commitment to every market we serve.



Biswa Prakash Misra

Chairman

Chief Executive Officer's Review



I am pleased to share that we have built on our strategic foundations and delivered exceptional progress in 2025. It was a year that showcased the strength of our business model, resilience of our people, and the trust of our customers. We recorded Annualised New Premium (ANP) of LKR 13.5 billion, representing a 31.1 per cent growth over the previous year. The business has recorded a 35.1 per cent Compound Annual Growth Rate (CAGR) over the last three years.

This year marked significant progress in strengthening our customer focus, demonstrated by being ranked #1 in Customer Excellence in Sri Lanka's life insurance industry (LMD Survey). We are firmly progressing toward our ambition of leading the Regular Premium market.

Chief Executive Officer's Review

As we enter 2026, I am pleased to share that we have built on our strategic foundations and delivered exceptional progress in 2025. It was a year that showcased the strength of our business model, resilience of our people, and the trust of our customers. Collectively, these efforts delivered substantial growth in 2025 and continued to solidify our position in the Sri Lankan life insurance market. It was a year of significant challenges, culminating in the impact of Cyclone Ditwah. Through our *'Divimagata Piyapath'* programme, we supported affected communities with health camps, essential medicines, and school supplies, while the dedication of our employees and sales teams underscored our purpose and our commitment to uplifting the nation in times of need.

From a financial perspective, 2025 was a year of excellent growth. We recorded Annualised New Premium (ANP) of LKR 13.5 billion, representing a 31.1 per cent growth over the previous year, supported by disciplined execution and strategic investments in distribution and product innovation. The business has recorded a 35.1 per cent Compound Annual Growth Rate (CAGR) over the last three years. Value of New Business (VONB) in 2025 grew at a strong double-digit rate, reflecting higher volumes, improved business quality, and enhanced profitability.

Our channel expansion strategies over the past few years have positioned our Agency channel as one of the largest and most efficient in the market. Meanwhile, our Partnership Distribution (PD) channel has sustained its strong growth trajectory, continuing this momentum into 2025. Today, PD stands as the clear market leader in bancassurance, with access to over 5 million bank customers. Our overall sales and distribution network demonstrated resilience, successfully navigating external disruptions in the fourth quarter and closing the year with outstanding performance.

Building on this strong momentum, we delivered a Gross Written Premium (GWP) of LKR 31.9 billion in 2025, representing a 35.2 per cent year-on-year growth. This performance was driven by exceptional First Year Premiums (FYP), which reached LKR 10.7 billion, reflecting a 42.1 per cent increase over the prior year. The Company recorded a strong growth of 33.1 per cent in Regular Premium for 2025 which resulted in an increase in overall market share, compared to the prior year. In 2025, AIA Sri Lanka has gained significant market share in FYP and Renewal Premium and hence our overall position in the Renewal Premium. Consolidated Profit After Tax (PAT) stood at LKR 2.7 billion, maintaining a level comparable to 2024.

Our financial strength continues to set us apart. With a Capital Adequacy Ratio (CAR) exceeding 400 per cent, we maintain one of the most robust solvency positions in the industry, underscoring our ability to absorb market volatility and protect policyholder interests. This exceptional capital buffer reflects the confidence of our shareholders and the disciplined investment strategies we have upheld over the years.

It is a clear testament to our long-term stability and resilience, ensuring that AIA Sri Lanka remains well-positioned to deliver sustainable growth and superior returns.

This year marked significant progress in strengthening our customer focus, demonstrated by being ranked #1 in Customer Excellence in Sri Lanka's life insurance industry (LMD Survey), along with securing the #1 Net Promoter Score (NPS) position across both Customer and Distribution. Our distribution strength in Agency and Bancassurance also remained unmatched, reaffirmed by our #1 MDRT ranking in Sri Lanka. We further sustained our standing as the Most Loved brand in the corporate sector.

In 2025, we strengthened our product portfolio and reinforced our commitment to delivering solutions that truly address our customers' evolving needs with the launch of *'Smart Global Health Rider'*. This enhanced offering provides broader, smarter, and globally accessible health protection, ensuring our customers receive comprehensive coverage and greater confidence in managing their well-being. The product line-up for 2026 is robust and strategically designed to strengthen both our Agency and PD channels.

AIA Sri Lanka is at the forefront of driving digitalisation in the Country's insurance industry. Project AIA NOVA, initiated last year, is set to progress meaningfully in the year ahead, positioning AIA Sri Lanka as a leader in comprehensive end-to-end digital transformation. This strategic initiative will enhance the experience of our customers, agents, and employees while ensuring the business remains resilient and future-ready.

Our people-centric achievements remain unmatched, highlighted by our second consecutive EDGE Assess Certification, which reaffirms our strong commitment to equity, diversity, and inclusion. We continue to be the first and only company in Sri Lanka's insurance sector to receive this prestigious global recognition. This year, we further strengthened our position as an employer of choice, being named one of Sri Lanka's Best Workplaces™ for the 13th consecutive year, alongside accolades for Best Workplaces™ for Women (for the eighth year) and Young Talent. We were also recognised among Asia's Best Workplaces™ and honoured for Industry Excellence in Workplace Culture and Maximising Human Potential. Additionally, AIA Sri Lanka was awarded the top honour in the insurance, finance, investment, and real estate sectors at the Great HR Awards 2025. This year too we renewed our ISO 14064-1:2018 Greenhouse Gas Emissions certification for the third consecutive year, reiterating our commitment to sustainability of the environment.

Chief Executive Officer's Review

In 2025, Life Operations delivered a faster and more reliable service, with 88 per cent of buy, service, and claims transactions completed within one day. Buy straight through processing improved, contributing to a 99 per cent Customer Satisfaction Score, while servicing turnaround reached 94 per cent with a Customer Journey Customer Satisfaction Score of 94 per cent. Claims performance remained strong with 91 per cent settled within a day, supported by enhanced analytics through the new claims MI module.

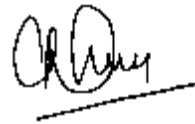
AIA Sri Lanka continued its strong momentum, showcasing the exceptional, high-touch service we provide to our top-tier clientele via *'AIA Exclusive'*. In parallel, we elevated our customer segmentation strategy with the introduction of *'AIA Elite'* and *'AIA Prime'*, broadening our premium customer offering. Our revivals hit an all-time high, reflecting the effectiveness and consistency of our retention efforts.

This year marked 30 years of two of Sri Lanka's most enduring community initiatives: the Poson Safety Programme and our Higher Education Scholarships. These flagship projects continue to advance our purpose of helping people live Healthier, Longer, Better Lives, and create lasting impact across the nation.

In 2026, our purpose will continue to guide and energize us, and with the strength of our collective effort, we can achieve extraordinary outcomes. As we progress toward our ambition

of leading the market in Regular Premiums in 2026, our efforts remain centred on people led, digitally enabled operational excellence, market expansion, and consistent value creation. We also reaffirm AIA Sri Lanka's strong commitment to enhancing financial inclusivity as the country advances on its journey toward becoming an upper-middle-income nation.

At AIA Sri Lanka, our mission remains unwavering – helping Sri Lankans live Healthier, Longer, Better Lives. With strengthened distribution capabilities and a deeply customer-centric operating model, we are firmly progressing toward our ambition of leading the Regular Premium market. We extend our sincere appreciation to our Regulator, the Insurance Regulatory Commission of Sri Lanka, our Board of Directors, employees, sales teams, business partners, and our valued customers for their continued trust and commitment to the Company. I also acknowledge with gratitude the Executive Committee for their steadfast leadership in driving sustainable growth and long-term value creation.



Chathuri Munaweera

Director / Chief Executive Officer / Principal Officer

11 Management Discussion and Analysis

Content

12	Introduction	20	Customer Review	28	Operational Review
12	Economic Review	22	Environmental, Social and Governance (ESG) Review	29	People Review
15	Regulatory Update	25	Corporate Social Responsibility (CSR) Review	33	Investment Review
16	Industry Review	28	Business Review	34	Financial Review
18	Brand Review			37	Outlook 2026
19	Product Review				

Management Discussion and Analysis

INTRODUCTION

In 2025, AIA Sri Lanka moved forward with a singular purpose: to stand with our customers, colleagues, partners, and communities as the country continued its journey from stability to sustainable growth. Guided by our theme, 'Together in strength, together in love', we deepened our role as a trusted protector of families and futures, delivering financial security, health, and protection solutions that matter in everyday life. Our commitment to partnership within our organisation, across our distribution ecosystem, and with the communities we serve enabled us to navigate change with resilience and convert opportunity into lasting value.

Throughout the year, we sharpened our customer focus and scaled the reach and quality of our distribution. We strengthened our agency model with enhanced training, improved coaching, and data-driven practices, while expanding partnership channels to meet customers where they are, at work, at home, and online. At the same time, we accelerated digitalisation across the business to make protection simpler, faster, and more accessible. We made investments in end-to-end digital journeys; from wealth planner recruitment and onboarding, to leads management and activity tracking, to paperless policy issuance and service, delivered tangible improvements in speed, transparency, and experience. These advancements not only

elevated customer satisfaction and persistency, but also improved productivity and operational efficiency, reinforcing the quality and sustainability of our growth.

Our purpose to help people live Healthier, Longer, Better Lives, remained the north star of our decisions. In 2025, we expanded wellness-linked offerings, strengthened health and critical illness protection, and continued to champion financial literacy and community well-being. We embedded responsible business practices and Environmental, Social, and Governance (ESG) principles into how we operate, manage risk, and innovate, ensuring that our progress creates enduring value for customers, employees, partners, shareholders, and the country.

This report presents a comprehensive view of AIA Sri Lanka's performance in 2025, our achievements, the strategic choices behind them, and how we are positioning the Company for the next phase of industry evolution. Looking ahead, we enter 2026 with confidence: united in purpose, digitally empowered, and focused on protection-led, customer-centric growth. With the momentum built in 2025 and the continued scaling of our digital and distribution capabilities, we are well placed to strengthen our leadership position in the market and serve Sri Lanka with even greater impact in the years to come.

ECONOMIC REVIEW

Global economy

Global economic growth moderated in 2025, with the International Monetary Fund (IMF) estimating expansion at around 3.2 per cent, reflecting uneven recovery across major economies. Inflationary pressures for many countries have eased compared to previous years, permitting several central banks to signal gradual policy normalisation after prolonged tight monetary conditions. However, global financial markets have remained sensitive to geopolitical risks and trade policy shifts.

International trade flows were affected by renewed tariff actions and strategic supply chain adjustments among major economies. Energy markets remained volatile due to ongoing geopolitical tensions, with crude oil prices fluctuating within the USD 75.0-90.0 per barrel range during the year, increasing global inflationary pressures.

Despite episodes of global uncertainty arising from geopolitical conflicts and financial market volatility, improved investor sentiment towards frontier markets benefited Sri Lanka following its debt restructuring and ongoing reform programme. Overall, while the global environment remained challenging, external sector resilience and stabilising global conditions supported Sri Lanka's macroeconomic recovery during 2025.

Management Discussion and Analysis

Economic growth

The Sri Lankan economy continued its progression towards macroeconomic stabilisation and consolidation during 2025, building on the recovery achieved subsequent to the unprecedented economic crisis in 2022. The year marked a transition from recovery to stabilisation, with sustained economic growth, improved policy credibility, and strengthening external sector fundamentals.

Economic activity expanded further in 2025, supported by improved domestic demand, a low-inflation environment, and easing financial conditions. Following the return to positive growth in 2024 after two consecutive years of contraction, the economy maintained its growth momentum in 2025, underpinned by broad-based sectoral performance.

As per provisional estimates published by the Department of Census and Statistics, economic growth remained robust, supported primarily by an expansion of over 6.0 per cent in the services sector, including tourism, financial services, and trade-related activities. Further, the industrial sector recorded a recovery of approximately 5.0 per cent, reflecting improved manufacturing output and construction activity as financing conditions eased. Meanwhile, the agriculture sector grew by around 3.0 per cent, supported by favourable cultivation conditions and stabilising supply chains.

Sri Lanka continued to make satisfactory progress under the 48-month Extended Fund Facility (EFF) arrangement with the IMF during 2025. Following the release of the fourth tranche early in the year, the authorities remained committed

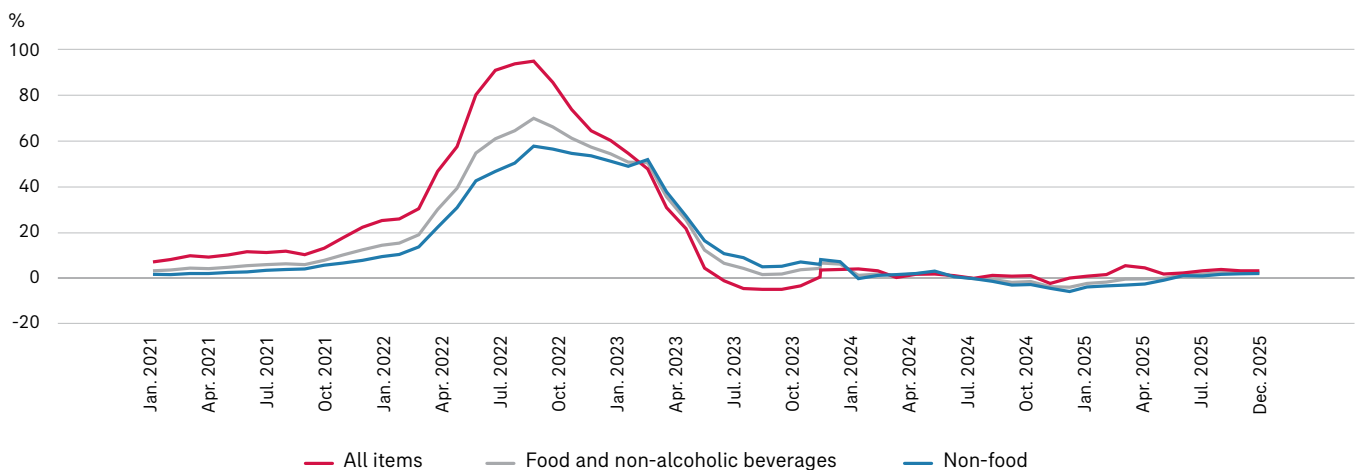
to structural reforms, fiscal consolidation, and governance improvements under the programme. Progress under the IMF arrangement continued to play a critical role in anchoring macroeconomic stability, restoring investor confidence, and supporting medium-term growth prospects. Looking ahead, the timely completion of subsequent programme reviews and the associated IMF tranches are expected to further strengthen external financing buffers and reform momentum.

Inflation

Headline inflation, as measured by the Colombo Consumer Price Index (CCPI), gradually normalised during 2025, following the deflationary conditions experienced towards the latter part of 2024, while remaining well below the medium-term target level.

During the year, CCPI inflation largely hovered at low single-digit levels, supported by prudent monetary policy, stable domestic supply conditions, and favourable base effects. The gradual normalisation of demand, alongside the improved availability of goods following the relaxation of import controls, helped prevent inflationary pressures from emerging despite the recovery in economic activity. Inflation outcomes during 2025 remained broadly consistent with the Central Bank of Sri Lanka (CBSL) Flexible Inflation Targeting (FIT) framework, which aims to maintain headline inflation at around 5.0 per cent over the medium term to support sustainable economic growth. CBSL assessments indicated that inflation expectations remained well anchored, supported by policy credibility and improved macroeconomic stability.

Comparison between food and non-food inflation: CCPI



Management Discussion and Analysis

Interest rates

As inflationary pressures remained subdued, the accommodative monetary policy stance of CBSL continued during the year. Government security yields remained broadly stable at lower levels during 2025, reflecting improved macroeconomic fundamentals and sustained confidence in monetary policy. The Overnight Policy Rate (OPR), introduced in November 2024, was reduced by 25 basis points (bps) to 7.75 per cent during May 2025 and held constant until the end of the year, in order to support the ongoing economic recovery while ensuring price stability.

The benchmark one year treasury bill yield, which stood at 8.96 per cent at the end of 2024, declined further during the year and broadly stabilised at 8.45 per cent by the end of 2025, reflecting ample market liquidity and subdued inflationary pressures. Treasury bond yields across maturities also remained relatively stable, with occasional short-term movements aligned with government borrowing requirements and maturity profiles. Yields, however, witnessed a slight increase towards the end of December 2025 due to volatility from Cyclone Ditwah.

The low-interest rate environment continued to have a positive impact on the economy, as borrowing costs for both individuals and corporates remained manageable. Improved access to credit supported private sector activity, contributing to the gradual strengthening of economic growth momentum. Private sector credit growth recorded a steady improvement during the year, supported by declining lending rates and improved business confidence. In particular, the demand for credit for vehicle imports increased during the year, following the easing of financing conditions, and contributed to higher retail lending activity.

External sector

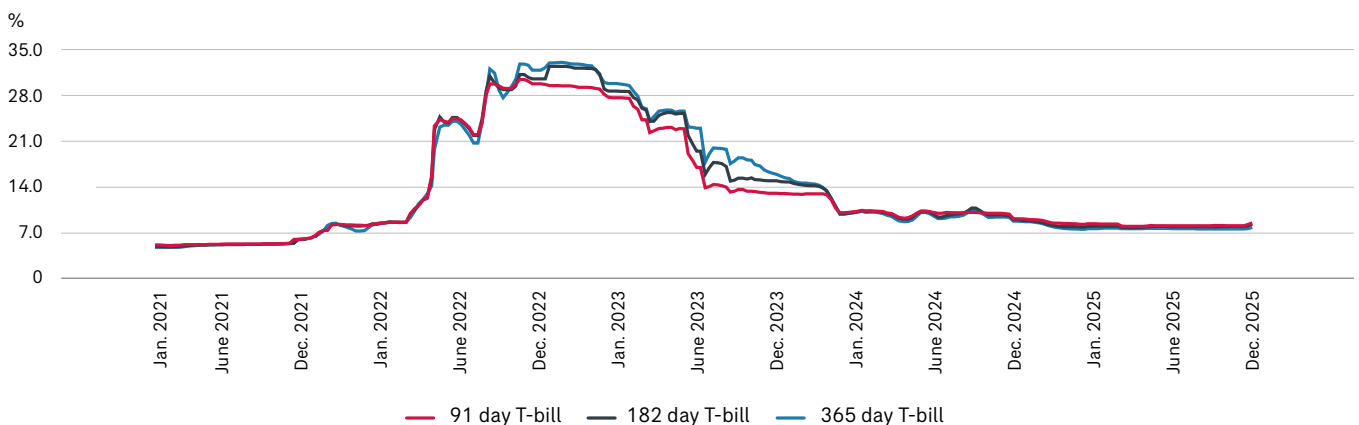
The external sector remained a key pillar of economic resilience in 2025. Tourism earnings continued to strengthen, supported by increased tourist arrivals notwithstanding lower average spending, while workers' remittances remained robust throughout the year. These inflows, together with multilateral financing, supported improved foreign exchange liquidity and reserve accumulation, contributing to exchange rate stability.

The Sri Lankan rupee remained broadly stable during 2025, following the significant appreciation recorded in the previous two years. The rupee depreciated marginally by approximately 5.0 per cent against the US dollar, moving from LKR 292.7 at the end of December 2024 to LKR 309.6 at end of December 2025, reflecting improved external sector fundamentals and sustained foreign exchange inflows.

The relative stability of the exchange rate during the year was supported by continued inflows from worker remittances, tourism earnings, and export proceeds, alongside improved investor confidence following the completion of the external debt restructuring programme. Further, steady foreign inflows to the government securities market and selective foreign participation in the Colombo Stock Exchange (CSE) contributed to improved foreign exchange liquidity.

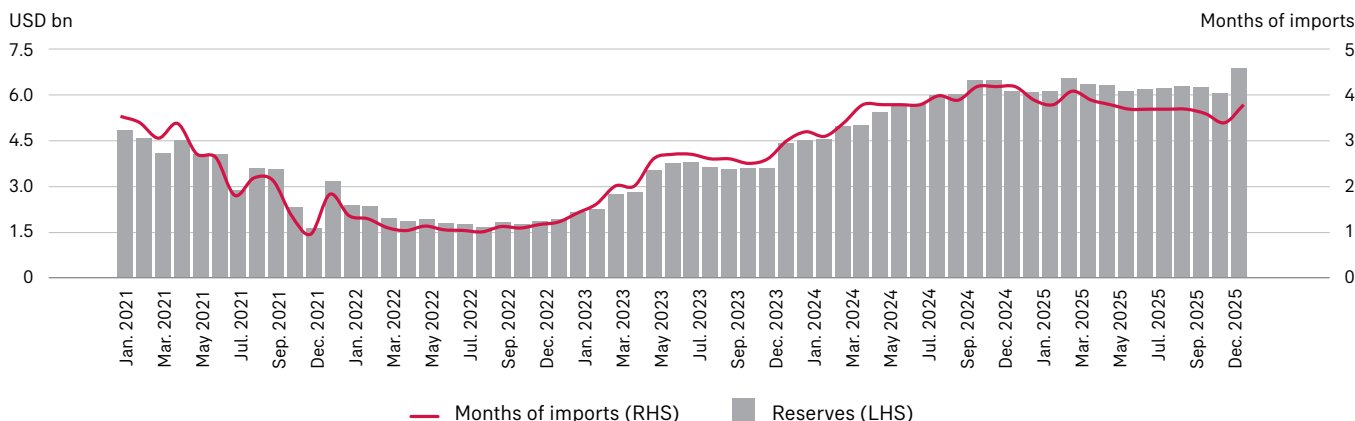
Gross Official Reserves (GOR) continued to strengthen during 2025, and increased to USD 6.8 billion by the end of the year, providing import cover of 3.8 months. Disbursements from multilateral agencies, including the IMF, Asian Development Bank, and the World Bank, further supported reserve accumulation and external sector stability. During the year, the CBSL maintained a net purchasing stance in the domestic foreign exchange market, reflecting favourable supply conditions. The CBSL's cumulative net foreign exchange purchases amounted to USD 1.5 billion during 2025, further strengthening the country's reserve position while allowing the exchange rate to remain flexible and market determined.

Interest rate movement



Management Discussion and Analysis

Reserves and months of imports



Equity market

The equity market of Sri Lanka continued its positive momentum in 2025 amid improved macroeconomic stability, lower interest rates, and strengthened investor confidence, following the completion of the sovereign debt restructuring.

During 2025, the All Share Price Index (ASPI) recorded a growth of 41.9 per cent, while the S&P SL 20 Index increased by 26.6 per cent, supported by earnings recovery across several key sectors. Market sentiment remained positive throughout the year, underpinned by political stability, continued engagement with the IMF, and sustained progress in economic reforms.

In 2025, the banking sector continued to play a leading role in driving market performance, supported by declining funding costs, improved asset quality, and recovering credit growth. In addition, notable gains were recorded in the diversified financials, food, beverage and tobacco, capital goods, and transportation sectors, reflecting improved domestic demand and business confidence.

Foreign investor participation in the equity market showed a gradual improvement during 2025, following Sri Lanka's exit from default status and stabilisation of sovereign credit ratings. While net foreign inflows remained modest, increased foreign interest was observed towards fundamentally strong blue-chip stocks, particularly within the banking and diversified sectors. Market liquidity remained healthy during the year, with average daily turnover increasing to LKR 5.2 billion, compared to LKR 2.2 billion in 2024. The ASPI crossed the 20,000 mark during 2025, reflecting sustained investor optimism and improved market depth.

REGULATORY UPDATE

In 2025, the Insurance Regulatory Commission of Sri Lanka (IRCSL) accelerated its regulatory reform agenda with a clear focus on strengthening governance, market conduct, customer protection, and alignment with global standards. The year's regulatory developments collectively aimed to modernise supervisory expectations, improve industry discipline, and enhance public confidence in the insurance sector.

The IRCSL introduced a series of forward-looking regulatory measures aimed at elevating customer engagement standards across the insurance industry. These included Direction No. 1 of 2025 on need assessment and customer onboarding for long-term insurance business, Direction No. 2 of 2025 which focused on strengthening policyholder confidence, and Direction No. 4 of 2025 which mandated the issuance of insurance product information documents by insurers and intermediaries. In addition, the guidelines on market conduct of insurers were released to enhance service quality and reinforce ethical, transparent, and responsible practices in product development, distribution, claims handling, and disclosure.

Parallel reforms in sustainability and prudential governance further underscored IRCSL's commitment to building a resilient and internationally aligned insurance ecosystem. These included the introduction of guidelines on integrating Sustainable Development Goals (SDGs), Environmental, Social and Governance (ESG) principles, and sustainable finance, as well as strengthened Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) guidelines for insurers and brokers. The heightened focus on AML/CFT standards also supported the industry's preparedness for the Financial Action Task Force (FATF) mutual evaluation scheduled for 2026.

Management Discussion and Analysis

Beyond regulatory issuances, IRCSL continued to lead extensive industry consultations on emerging regulatory priorities, enabling insurers to provide constructive input to policy development. IRCSL also expanded its nationwide insurance awareness and financial literacy programmes aimed at improving insurance penetration and strengthening public understanding of protection needs. AIA Sri Lanka fully supports these initiatives and actively participates in industry-wide efforts to promote awareness, improve transparency, and uplift customer trust.

The Insurance Association of Sri Lanka (IASL) played a coordinating role during the year, facilitating collective industry responses, working groups, and technical committees across multiple regulatory topics. AIA Sri Lanka continued to contribute meaningfully to these initiatives, supporting sector alignment and advocating consistent, well-implemented reforms across the industry.

The year also marked further progress on the implementation of the International Financial Reporting Standard (IFRS) 17 at the industry level, with the IRCSL's supervisory engagement to ensure consistent application of the standard and full implementation within the specified timelines. While AIA Sri Lanka has already completed internal IFRS 17 implementation, it remained closely engaged in industry forums and regulatory discussions to support uniform adoption and comparability across the sector.

IRCSL also plans a revision of the Risk-Based Capital (RBC) framework and AIA Sri Lanka actively engaged with industry working groups and IRCSL to support the revision of the RBC standards for the industry.

Sri Lanka's data governance landscape continued to evolve during the year, particularly with the enactment of the Personal Data Protection (Amendment) Act, No. 22 of 2025. As remaining provisions of the Personal Data Protection Act (PDPA) move towards full enforcement, IRCSL has intensified its oversight of insurers' readiness.

As part of the broader sector modernisation agenda, the Insurance Law Revision Committee appointed by the Hon. Minister of Justice continued its work to review and update the primary legislative framework governing insurance in Sri Lanka so that it is aligned with the Insurance Core Principles (ICPs). Its progress is expected to pave the way for a more contemporary, principles-based regulatory environment that supports innovation, sustainable growth, and stronger policyholder safeguards.

AIA Sri Lanka remains fully committed to the highest standards of compliance, governance, and regulatory stewardship. The Company will continue to work collaboratively with IRCSL, IASL, and other stakeholders to uphold industry best practices and contribute to the sector's long-term stability and development.

INDUSTRY REVIEW

In 2025, the Sri Lankan life insurance industry decisively shifted gears from the recovery phase of the post-crisis era to a trajectory of aggressive expansion. Buoyed by a stabilised rupee and a revitalised macroeconomic backdrop, the sector recorded its strongest performance, with a total Gross Written Premium (GWP) of LKR 227.1 billion. This represented a robust year-on-year growth of 24.0 per cent, significantly outpacing the nominal gross domestic product (GDP) growth rate. The industry's continued strong growth was driven by a normalising interest rate environment; as traditional bank deposit rates moderated into single digits, household capital flowed back into life insurance instruments, re-establishing the sector as a primary avenue for long-term wealth accumulation and financial security.

The competitive landscape throughout the year was characterised by intense rivalry and a race for scale among the market leaders. The industry witnessed a surge in new business premiums, with most players reporting double-digit expansions in their top lines. Notably, the first half of the year set a breathless pace, with the industry recording growth rates exceeding 48.7 per cent in the first quarter alone. This momentum was sustained by an aggressive expansion of agency forces and a revitalised bancassurance channel, with exclusive bancassurance agreements with large private banks running in initial years. The market dynamics were further influenced by consolidation activities, prompting insurers to defend their market shares through enhanced service propositions and competitive pricing strategies.

Product portfolios in 2025 underwent a noticeable pivot towards 'living benefits,' specifically health and protection, marking a departure from the purely investment-driven focus of previous high-inflation years. With medical inflation continuing to impact household budgets, there was a surge in demand for comprehensive global health covers and high-limit hospitalisation riders. Improved market confidence encouraged more policyholders to explore life insurance solutions that could benefit indirectly from stronger economic and capital-market conditions. This shift allowed insurers to strengthen their product mix, balancing traditional protection-oriented offerings with plans influenced by overall market performance and long-term investment sentiment.

Management Discussion and Analysis

The sector recorded its strongest performance, with a total Gross Written Premium (GWP) of LKR 227.1 billion. This represented a robust year-on-year growth of 24.0 per cent, significantly outpacing the nominal Gross Domestic Product (GDP) growth rate.

Operationally, 2025 could be recorded as the year the industry embraced 'zero-touch' efficiency. Automated underwriting engines significantly reduced policy issuance turnaround times, while AI-driven claims settlement processes for minor hospitalisation and outpatient bills set new benchmarks for customer convenience.

Financially, the sector remained robust and well-capitalised, successfully navigating the full implementation of IFRS 17. The industry's transition to this new reporting framework matured in 2025, offering stakeholders greater transparency regarding profit recognition and long-term value creation through the Contractual Service Margin (CSM) metric.

Despite the pressure of rising claims costs, with total industry claims and benefits estimated to have exceeded LKR 100.0 billion due to maturing policies and health inflation, insurers maintained healthy Capital Adequacy Ratios (CARs) well above the regulatory minimums. This financial resilience reinforced the industry's critical role as a reliable social safety net, honouring its promises to policyholders while positioning itself for sustainable growth in the years ahead.



Management Discussion and Analysis

BRAND REVIEW

As the largest pan-Asian life insurer, AIA recognises the immense responsibility and opportunity to create a positive impact on customers, communities, and the nation. Guided by its purpose of helping Sri Lankans live Healthier, Longer, Better Lives, the Company continues to strengthen its position as a World-Class Sri Lankan, while advancing AIA Group's bold vision of improving one billion lives across Asia by 2030.

AIA ONE BILLION

With one of the highest levels of awareness in the industry, the Company has successfully combined global expertise with local relevance, creating a powerful synergy that sets the brand apart from the competition. The brand also ranked #1 in Net Promoter Score (NPS) among companies and distributors in Sri Lanka's insurance industry, reflecting outstanding customer satisfaction and loyalty.

This strategic approach has driven exceptional digital performance, achieving the highest overall audience growth across social media platforms, far exceeding the industry average. Consistently ranked among the top three brands on social media, AIA Sri Lanka has built a strong and engaged follower base that keeps steadily growing. Beyond digital, the Company engaged thousands of Sri Lankans through community projects and wellness programmes, reinforcing its commitment to societal well-being and the nation's development.

AIA's excellence was recognised with 18 prestigious brand awards in 2025, alongside being named Sri Lanka's Best Life Insurance Company for six consecutive years by Global Banking and Finance Review 2019-2025 and Capital Finance International 2021-2025.

Adding to these accolades, AIA Sri Lanka was voted Most Loved Insurer in the Corporate Brands Category by LMD and PepperCube Consultants—a testament to its growing trust and emotional connection with consumers. Further solidifying its leadership, AIA Sri Lanka was recognised as the #1 Life Insurer in Customer Excellence in the LMD Customer Service Excellence Survey 2025 and featured in CEO Magazine's special edition of Sri Lanka's Top 25 Most Valuable Brands for 2025 as the Most Valuable Insurance Brand in Sri Lanka, underscoring its brand strength, market leadership, and strategic vision.



An award-winning journey through 2025

Management Discussion and Analysis

Over the past year, AIA Sri Lanka has made remarkable progress in driving brand awareness and consideration—powered by authentic purpose, innovative propositions, exceptional service standards, and a compelling value proposition.

With the new brand campaign platform '*Rethink Healthy*' that seeks to challenge stereotypes and narrow depictions of health across Asia, AIA Sri Lanka aims to contribute to the AIA One Billion ambition by inspiring people to take their own unique journey towards health and wellness.

RETHINK HEALTHY

PRODUCT REVIEW

Building on this strong brand foundation, AIA Sri Lanka has focused on evolving its product portfolio to respond to the rapidly changing needs of Sri Lankan consumers. The country's healthcare system has grappled with unprecedented challenges, driven by economic instability and soaring medical inflation. Shortages of essential medicines and delays in critical procedures over recent years have accelerated a significant shift toward private healthcare—a trend that continues to redefine consumer expectations.

At AIA Sri Lanka, our mission is to empower lives through comprehensive solutions that seamlessly combine protection, health, and long-term savings. These offerings are tailored to meet the evolving needs of a diverse market, spanning every life stage—from early starters to retirees.

While many insurers responded to macroeconomic pressures with steep premium hikes, AIA Sri Lanka chose a different path: enhancing customer value alongside necessary adjustments. Guided by this philosophy, the Company embarked on a strategic revamp of its health portfolio to deliver superior benefits and greater peace of mind.

The first milestone in this journey was the transformation of '*AIA Health Protector*', introducing the '*Smart Global Health Benefit*' - a global hospitalisation cover designed to address rising healthcare costs and evolving customer needs. This enhanced proposition offers increased admission coverage, inclusion of administration, sanitisation, and linen charges, and streamlined plan options aligned with medical inflation. Complemented by a revised commission structure to strengthen persistency and margins, and the repositioning of our unique health fund benefits, '*Smart Global Health Benefit*' reflects AIA Sri Lanka's commitment to innovation, resilience, and customer-centricity.



AIA Health Protector

Beyond core benefits, '*AIA Health Protector*' integrates a robust health and wellness ecosystem with partners offering free consultations, home lab services, and discounts on dental, optical, fitness, and Ayurvedic care—reinforcing AIA Sri Lanka's purpose of helping Sri Lankans live Healthier, Longer, Better Lives.

Additionally, the entire product portfolio of the Company consists of life insurance solutions that address the evolving needs of Sri Lankans. These offerings are not just life insurance policies, but promises to provide security, stability, and peace of mind through every stage of life.

'*AIA SaveSmart*' is a 3-in-1 life insurance solution integrating savings, health coverage, and life protection. With customisable policy terms, multiple premium payment options, and an ecosystem of wellness services, '*AIA SaveSmart*' empowers customers to achieve their financial and health goals while providing adaptability to evolving needs. This innovative approach positions AIA Sri Lanka as a trusted partner in helping Sri Lankans rebuild savings and secure holistic well-being.

Management Discussion and Analysis

'*Smart Pensions Plus*' is a cost-effective and comprehensive retirement solution ensuring a stress-free and comfortable retirement, while also providing financial security for loved ones in the event of the life assured's demise.

'*Easy Pensions Plus*', our pre-packaged retirement solution, is the most flexible and versatile product with convenient payment features.

'*Smart Wealth*' is a savings plan that meets protection and savings needs, featuring limited premium paying options, an attractive return, and extended coverage.

'*Super Protector*' and '*Super Protector Flexi*' are pure protection products that offer an increasing life benefit customisable from LKR 1.0 million to LKR 500.0 million, with optional benefits for personalised protection.

'*Health Passport*' is a comprehensive global hospital expense cover that can be attached to '*Super Protector*', '*Smart Pensions Plus*', and '*SaveSmart*'. This offers customisable coverage up to LKR 50 million, pre and post-hospitalisation expenses, maternity cover, and dental treatments, as well as Ayurvedic treatments. This ensures that our customers can access the best healthcare both locally and globally.

All products provide additional covers such as accidental death, permanent disability, family income, premium protection, critical illness, hospital expense, hospitalisation, spouse and child life cover.

AIA Sri Lanka enhances digital adoption with the point-of-sale platform (MyPOS) for customer convenience. Increased standing order premium payments ensure seamless transactions. Enhanced digital sales dashboards empower the sales force, reinforcing AIA Sri Lanka's learning culture.

In 2025, AIA Sri Lanka also prioritised strengthening its bancassurance partnerships by refining and optimising the product portfolio to deliver greater value and alignment with partner strategies. This initiative focused on creating tailored solutions that enhance customer experience, improve operational efficiency, and drive sustainable growth within the bancassurance channel. By introducing innovative features and streamlining offerings, AIA Sri Lanka reinforced its commitment to building strong, collaborative relationships with banking partners while meeting the evolving financial and protection needs of customers.

CUSTOMER REVIEW

Customers first, always

These product and channel innovations are anchored in AIA Sri Lanka's commitment to placing customers at the heart of everything it does. The Company is leading the way in convenience and security through advanced digital transformation, empowering customers to manage their insurance needs effortlessly from the comfort of their homes. From seamless premium payments to instant access to policy documents via the AIA Customer Portal, AIA Sri Lanka makes protection simple, safe, and sustainable. By embracing digital solutions, the Company not only enhances customer experience but also contributes to a greener planet.

AIA Sri Lanka's commitment to a customer-first philosophy is reflected in its outstanding industry recognition. The Company has been ranked #1 in Net Promoter Score (NPS) across both the Company and distributor categories, underscoring consistently high levels of customer advocacy and satisfaction. Further reinforcing this achievement, AIA Sri Lanka has also been voted #1 for customer excellence in the life insurance industry, based on independent research conducted by LMD magazine.

Management Discussion and Analysis

Above and beyond life insurance

Bringing its brand promise to life, AIA Sri Lanka continues to set new benchmarks by delivering a value proposition that goes beyond traditional life insurance. As part of our Health and Wellness ecosystem, AIA Sri Lanka has partnered with Doc990 to provide telemedicine services, with Flash Health to offer virtual healthcare solutions, including telemedicine, medicine delivery, and discounts on home lab tests.

In addition, customers enjoy exclusive discounts through partnerships with 'Unilever Pureit' and 'Vision Care Optical'. Special rates are available for dental treatments through 'My Dentist', ayurvedic therapies at 'Siddhalepa Ayurveda Hospital', and annual gym memberships at 'High Octane Fitness'.

These value-added benefits reflect AIA Sri Lanka's commitment to helping customers live Healthier, Longer, Better Lives.



Management Discussion and Analysis

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REVIEW

Building a sustainable future through responsible growth

AIA Sri Lanka remains committed to embedding sustainability at the heart of its strategy as it works towards helping people live Healthier, Longer, Better Lives.

In 2025, we continued to advance our Environmental, Social, and Governance (ESG) agenda, strengthening our long-term commitment to responsible growth, transparency, and shared value creation for our customers, employees, shareholders, and the communities we serve.

Environmental stewardship

Advancing climate responsibility

In 2025, AIA Sri Lanka reaffirmed its leadership in environmental responsibility by maintaining the ISO 14064-1:2018 Greenhouse Gas (GHG) Emission Verification Certification for the third consecutive year. This achievement reflects our commitment to accurate emissions measurement, transparent reporting, alignment with global climate governance best practices, and the AIA Group's long-term net-zero ambitions.

During the year, the Company focused on enhancing carbon data accuracy for Scope 1 and Scope 2 emissions, laying the groundwork to expand reporting into relevant Scope 3 categories and strengthening internal processes to support AIA Group's long-term sustainability targets.

These initiatives reinforce our role as a responsible corporate citizen and demonstrate our dedication to measurable climate action.

Operational sustainability and green transformation

- **Biodiversity and green spaces**

We further enhanced our rooftop garden into a thriving biodiversity space that supports urban greening. The introduction of native and water-efficient plant species enhanced environmental resilience and reduced water consumption, while also serving as an educational platform for employees and visitors.



Tree planting initiative at AIA Tower rooftop garden

- **Digitalization for waste reduction**

In line with our Go Green agenda, we expanded the use of digital workflows to significantly reduce paper usage across the organisation. Key improvements included increased adoption of digital policy documentation, enabling more efficient and paperless processes, the introduction of automated and fully online proposal forms with streamlined payment terms for customers, and the enhancement of e-learning platforms to better support employee training and development.

Management Discussion and Analysis

Responsible waste management

AIA Sri Lanka's partnership with 'Neptune Recyclers' continued to drive responsible disposal and recycling of paper waste across the Company. Enhanced waste segregation systems were deployed across the head office, ensuring adherence to environmental standards nationwide.

Energy, water, and resource efficiency

AIA Sri Lanka continued to invest in conservation and efficiency measures designed to minimise environmental impact, including:

- Energy-saving LED lighting and automated building controls implemented at Head Office
- Optimised temperature regulation for reduced air conditioning load during work hours
- Introduction of water-saving fixtures and systematic leak detection mechanisms
- Internal facilities operational audits to identify further sustainability opportunities

These interventions contributed to measurable year-on-year reductions across key environmental indicators.

Indicator	Unit	2025	2024
Fully grown trees	trees	63	146
Oil	litres	6,490	15,086
Electricity	kWh	14,792	34,384
Water	litres	117,522	273,181
Landfill	m ³	11	26
GHG emissions	kg	3,698	8,596

Environmental impact performance (year-on-year savings)

Location	2025 (kWh)	2024 (kWh)
AIA Tower	854,692	890,135
Branches	890,865	808,623

Energy consumption (YOY)

Location	2025 (m ³)	2024 (m ³)
AIA Tower	7,108	8,516
Branches	10,377	11,126

Water consumption (YOY)

Social impact

Creating shared value for people and communities

At AIA Sri Lanka, people and the communities it serves remain central to the organisation's sustainability strategy. In 2025, the focus was on well-being, inclusion, environmental advocacy, and community empowerment.



AIA Sri Lanka employees play a key role in driving sustainability

Employee engagement and environmental advocacy

The flagship campaign, 'Our Kids are Our Future,' continued to strengthen intergenerational awareness around sustainable living. The initiative promoted family involvement, encouraged the adoption of sustainable habits within households, and reinforced the organisation's commitment to environmental stewardship.



Internal engagement and awareness programmes

Employee health, safety, and well-being

Holistic employee well-being was prioritised through regular medical checks and preventive health webinars, mental wellness programmes, and fitness activities, and initiatives that promoted diversity, equal opportunity, and gender representation across the organisation. Collectively, these efforts strengthened an inclusive culture and contributed to a healthier, more engaged workforce.

Management Discussion and Analysis



AIA employee wellness ESG programme

Community development

Community programmes were structured around three key pillars aligned with AIA's purpose.



Education

Supporting digital and financial literacy in underserved communities.



Health

Delivering awareness programmes on health, prevention, and lifestyle improvement.



Financial literacy

Empowering families with long-term financial planning skills.

These initiatives reinforce AIA Sri Lanka's role as a partner in national development.

Strong governance as the foundation of sustainability

AIA Sri Lanka's governance framework ensures that ethics, compliance, and responsible conduct remain embedded across its operations.

Key governance achievements of 2025:

- Full adherence to AIA Group ESG frameworks and local regulatory requirements
- Strengthened internal controls, risk management, and cybersecurity frameworks
- Continued enhancement of sustainable procurement practices
- Active Board oversight of ESG performance at strategic and operational levels
- Expanded organisation-wide training on compliance, risk, and ethical standards

These practices support long-term value creation and reinforce trust among our stakeholders.

Looking ahead

AIA Sri Lanka will continue to advance its ESG roadmap through:

- Increased adoption of renewable energy solutions
- Further digitalisation to eliminate resource wastage
- Deeper integration of climate risk into business decisions
- Expanded Scope 3 emissions mapping and reporting
- Strengthened community engagement in health, education, and environmental responsibility

AIA Sri Lanka's long-term objective remains clear: to build a sustainable, resilient, and responsible organisation that delivers lasting value to all stakeholders.

Management Discussion and Analysis

CORPORATE SOCIAL RESPONSIBILITY (CSR) REVIEW

AIA Sri Lanka’s CSR initiatives represent on-the-ground execution of its ESG commitments, translating sustainability strategy into meaningful, measurable impact for communities across Sri Lanka.

AIA Poson Safety Programme 2025

Celebrating its 30th year, the AIA Poson Safety Programme remains one of Sri Lanka’s most long-standing and enduring CSR initiatives. This year, the programme successfully saved six lives, with zero drowning fatalities reported during Poson in Anuradhapura, Polonnaruwa, Mihintale, Dambulla, and surrounding areas. Over 500 lifeguards were stationed across reservoirs and lakes to safeguard pilgrims bathing in these water bodies.



AIA Poson Safety Programme

Extensive awareness efforts included strategically placed warning signboards, hoardings, and banners throughout the Anuradhapura district, effectively communicating the dangers of drowning and promoting caution. A targeted digital campaign further amplified the water safety message, reaching a broader audience nationwide. In response to alarming drowning statistics, AIA Sri Lanka scaled the initiative to a national level, encouraging people to pledge to be water smart and take responsibility for their own and their children’s safety around water.

This year AIA Sri Lanka also introduced the ‘AIA Poson Vandana Train’, a free train that transported pilgrims from Anuradhapura to Mihintale and back, during the season.



An on-ground engagement initiative

AIA Poson Safety Programme deployed over 500 lifeguards



AIA Poson Vandana Train

Management Discussion and Analysis

AIA Higher Education Scholarships 2025

Marking its 30th consecutive year, the AIA Higher Education Scholarships Programme, also one of Sri Lanka's longest standing CSR projects, continued to recognise and reward top performers from each district at the Grade 5 scholarship examination. The programme offers a monthly bursary from Advanced Level classes through to university graduation, supporting Sri Lanka's brightest students since its inception in 1994. Uniquely, the scholarships are awarded purely on merit, with no requirement for recipients to be children of AIA customers. To date, 725 students have qualified for the programme, with over 500 already benefiting from this financial support. Many past recipients have gone on to excel in fields such as medicine, law, and engineering, underscoring the transformative impact of this initiative.



Winners of AIA Higher Education Scholarships programme 2025

Partnership with the Sri Lanka Cancer Society

For the sixth consecutive year, AIA Sri Lanka renewed its partnership with the Sri Lanka Cancer Society, reinforcing its commitment to combating non-communicable diseases. Since 2019, AIA Sri Lanka has donated LKR 100 for every new policy sold, contributing significant funds to support cancer-related initiatives and awareness campaigns.



AIA Sri Lanka leadership with representatives of the Sri Lanka Cancer Society

This year, AIA Sri Lanka advanced its efforts through the award-winning 'Suwa Wan' campaign, a collaborative initiative promoting early detection of breast cancer. The campaign engaged communities through interactive educational sessions and impactful digital outreach, emphasizing proactive self-screening and preventive measures to reduce cancer risk.

AIA Divimagata Piyapath

AIA Sri Lanka launched 'AIA Divimagata Piyapath' to provide urgent humanitarian assistance to communities devastated by Cyclone Ditwah. As part of this initiative, the Company organised a comprehensive health service camp in the Thalwatte area, Kelaniya, offering timely medical care for families affected by floods. As part of the immediate relief efforts, the Company provided essential medicines to individuals sheltering in government-run safety centres in the Matale and Nuwara Eliya districts. Recognising the critical need to safeguard children's education post-Cyclone, AIA Sri Lanka also initiated a nationwide effort to supply essential school materials and stationery for the upcoming academic year under 'AIA Divimagata Piyapath', ensuring that children in impacted areas can continue their studies without disruption.



Further reinforcing these efforts, AIA Sri Lanka extended its commitment to child welfare by donating funds to SOS Children's Villages, ensuring vital support for children severely affected by Cyclone Ditwah.



AIA Sri Lanka's donation to SOS Children's Villages

Management Discussion and Analysis

AIA Healthiest Schools

The AIA Healthiest Schools programme was launched with the goal of equipping teachers and students in both primary and secondary schools across Sri Lanka with educational resources to foster healthier schools and communities. This transformative global initiative encourages students to embrace healthier lifestyles and cultivate a culture of well-being within their school environments. The programme, which was endorsed by the Ministry of Education in Sri Lanka, focuses on four key pillars: healthy eating, active lifestyles, mental well-being, and health and sustainability.



AIA Healthiest Schools Programme

In its first phase, over 100 Sri Lankan schools joined the programme, demonstrating strong commitment to creating positive change. Among the standout participants was Jaffna Hindu College, which excelled in the Active Lifestyles Award Category and was recognised as one of the winners at the regional award ceremony of the prestigious AIA Healthiest Schools Competition.



A winner of AIA Healthiest Schools programme

Empowering female entrepreneurs

AIA Sri Lanka has extended its partnership with the Women's Chamber of Industry and Commerce (WCIC) for the fourth consecutive year, proudly serving as the Platinum Sponsor for the Prathibhabhisheka Women Entrepreneur Awards 2025. This prestigious initiative celebrates the achievements of women entrepreneurs and inspires the next generation of female leaders.



AIA team at the WCIC Prathibhabhisheka Women Entrepreneur Awards 2025

Over the past three years, AIA Sri Lanka has supported WCIC in recognising the vital role women play in driving economic growth and innovation. Through this collaboration, AIA Sri Lanka continues to empower women entrepreneurs and promote equitable opportunities, while actively fostering gender equality within its own organisation. The Company provides resources and support to help women excel in their careers, reinforcing its commitment to creating an inclusive and progressive workplace.

Foster parenting scheme

The foster parenting programme, conducted in partnership with SOS Children's Villages, was established with the goal of offering financial assistance to underprivileged children under the age of 18 years, ensuring they have access to safe, stable, and nurturing homes. Fifty AIA Sri Lanka employees joined this foster parenting programme and actively volunteered to improve the lives of underprivileged children across the country.

Annual donation to SOS Children's Village, Monaragala

As part of its ongoing commitment to social responsibility, AIA Sri Lanka continues to support SOS Children's Villages, the largest non-governmental organisation focused on supporting children without parental care and families at risk.

In an effort to financially support the Monaragala SOS Children's Village for the fourth consecutive year, AIA Sri Lanka provided a financial donation to sponsor the education and upbringing of children. With continued annual contributions, the Company is helping enhance the educational opportunities and daily living conditions of underprivileged children, reflecting AIA's core values of compassion and community.

Management Discussion and Analysis

Together, these CSR initiatives demonstrate how AIA Sri Lanka's purpose is embedded into real-world action, creating shared value for communities while reinforcing responsible and sustainable business growth.

BUSINESS REVIEW

Agency Distribution Channel

The Agency channel continued its strong upward momentum in 2025, delivering a record-breaking performance, surpassing the already exceptional results achieved in the previous year. This reflects a robust 20.3 per cent growth compared to 2024. The channel's outstanding performance was driven primarily by the expansion of the active agent base. These agents continued to strengthen their presence in the mass affluent segment by prioritising health and savings propositions.

This sustained uplift in activation and case size was supported by the disciplined execution of the Agency 5 Step Strategy, which focuses on driving long-term protection-led solutions through active agents while expanding capacity through quality recruitment and strong quality business growth. Execution at the ground level was further reinforced through structured hurdle-wise activity monitoring, cascaded down to branch level to ensure consistency, discipline, and accountability across the network.

Business quality also improved meaningfully, with 13th month persistency showing notable progress in 2025. This enhancement was enabled by a strengthened compensation design, targeted initiatives to increase non-monthly mode sales, and higher levels of autopay attachment, all contributing to better long-term customer retention.

The Agency channel's capacity continued to scale through the recruitment of new agents, supported by a segmented recruitment strategy targeted at high-potential groups. Looking ahead, the Agency channel will continue to expand its sales force by enhancing income propositions that motivate agents to protect more customers while enabling broader career advancement opportunities nationwide.

The continued reinforcement of the Agency 7 Disciplines, combined with structured goal setting for agents and leaders, production-based incentives, and industry-leading recognition programmes, played a pivotal role in exceeding last year's performance benchmarks and elevating agent engagement.

In 2025, the Agency channel also advanced significantly in its digital transformation journey, introducing forward-looking initiatives designed to boost productivity and strengthen competitive advantage. Key digital enablers included iRecruit for digital sales force recruitment, the Lead and Activity Management System for performance tracking, and a digital learning platform that expanded access to training while promoting continuous self-learning across the network.

As we look ahead to 2026, the Agency channel will continue to build on the 5 Step Strategy with a sharp focus on enhancing sales force capacity and improving business quality. This will be complemented by further strengthening agent income through a refined compensation model, supporting higher-quality recruitment, deeper customer engagement, and broader fulfilment of health, pension, and savings needs across a diverse range of customer segments.

Partnership Distribution Channel

The Partnership Distribution channel entered 2025 with the launch of the 'Evolve25' theme, signaling a future-focused approach to explore continued growth opportunities in the partnership distribution arena. To commemorate its nearly two decades of industry leadership, the channel hosted a 'Towards 20 Years' partner engagement event, reinforcing its legacy as a trailblazer in bancassurance.

In 2025, the Partnership Distribution channel sustained its momentum with high double-digit growth, further solidifying its position as a market leader in bancassurance. This outstanding performance was driven by strong, enduring relationships with partners and stakeholders, and a continued commitment to refining target operating models tailored to partnership needs. These efforts resulted in robust business volumes across all partnerships.

A heightened focus on engagement and skill development for all stakeholders, including partner employees, contributed to enhanced customer-centricity within the distribution network. The Partnership Distribution channel also explored new business avenues beyond traditional retail channels, demonstrating the potential for sustained growth in the coming years.

Digital enablement remained a strategic priority, with 2025 seeing the digitalisation of the sales activity management process for all staff. This initiative provided a comprehensive overview to support a strong and consistent sales cadence.

Looking ahead, the channel is committed to delivering the best solutions to partner clients, empowering them to live Healthier, Longer, Better Lives. As the channel approaches its third decade, it remains dedicated to driving growth and innovation in the Sri Lankan partnership insurance distribution landscape.

OPERATIONAL REVIEW

AIA Sri Lanka remains committed to advancing digitalisation and automation to deliver an outstanding customer experience, strengthened by the expanding use of AI and analytical capabilities. The Company's focus on creating seamless, efficient, and scalable processes enabled significant improvements in operational performance, while enhancing customer satisfaction and long-term loyalty.

In 2025, 88 per cent of all buy, service, and claims transactions were completed within one day, reaffirming our commitment to fast and convenient service delivery. Buying a new policy

Management Discussion and Analysis

has become effortless for customers, with Straight-Through Processing (STP) improving to 79 per cent. This progress was supported by strengthened auto issuance capabilities, 100 per cent digital adoption and increased utilisation of e-payments. These advancements contributed to an exceptional 'Buy' customer satisfaction (CSAT) score of 99 per cent.

Our overall service STP improved to 84 per cent, while the one-day servicing turnaround increased to 94 per cent by December 2025, significantly enhancing customer convenience. We also further strengthened our real-time customer feedback ecosystem by expanding real-time surveys beyond new business, claims, and contact centre interactions to include servicing transactions and all call centre touchpoints. In addition, operational improvements were delivered across the core workflows of buy, service, and claims, as well as in customer communications, to enhance clarity, compliance, and governance. Together, these initiatives contributed to achieving a strong Customer Journey CSAT score of 94 per cent.

Our commitment to timely claims settlement remained a top priority. In 2025, 91 per cent of claims were settled within one day, reinforcing our promise of efficient customer benefit payments. The launch of a new claims Management Information (MI) module further strengthened analytics capabilities, and improved both internal and external reporting accuracy.

We elevated our customer segmentation strategy with the introduction of 'AIA Elite' and 'AIA Prime' in the fourth quarter of 2025. With these additions, AIA Sri Lanka became the first insurer in the industry to offer value-added lifestyle services that extend beyond traditional insurance benefits. Our 'AIA Exclusive' customers continued to enjoy premium privileges designed to enrich everyday life, while customers in the newly introduced 'Elite' and 'Prime' segments will benefit from an enhanced suite of lifestyle services and exclusive offerings. Customer engagement across all segments continued to grow, reflecting our commitment to innovation, superior value creation and personalised service.



The Company continued to play a pivotal role in driving policy revivals and strengthening customer retention. Through targeted strategies and personalised engagement, policies amounting to LKR 3 billion in revival GWP were successfully revived. By addressing customer needs with tailored support, the Company reinforced long-term policyholder relationships, enhanced retention, and contributed meaningfully to sustainable business growth.

During 2025, AIA Sri Lanka continued to deliver on its purpose of helping customers live Healthier, Longer, Better Lives, leveraging advanced technology, deep customer insights, and personalised care to create meaningful experiences at every stage of the customer journey.

PEOPLE REVIEW

At AIA Sri Lanka, our culture is what sets us apart, shaping how we work, how we collaborate, and how we show up every day. It comes to life through everyday moments, where each interaction reflects who we are at our best. Through 'Culture in Action', we bring our principles of Clarity, Courage, and Humanity to life, creating a workplace that empowers our people, strengthens our organisation, and delivers lasting value.

AIA's purpose of helping people live Healthier, Longer, Better Lives is embedded in our people proposition, shaping how we design the employee experience and bring health and well-being to life at work. By supporting holistic well-being across physical, mental, emotional, and financial dimensions, we empower our people to thrive and contribute with purpose.

Aligning with our purpose, we promote a high-performing and inclusive workplace by bringing together people with diverse backgrounds, skills, and perspectives. Our commitment is to create an environment where every individual has fair and equal opportunities to learn, grow, and achieve their career aspirations. By nurturing talent and promoting merit, we empower our people to reach their potential and build meaningful, fulfilling careers.

Beyond a great workplace

The year 2025 marked a series of proud achievements in workplace excellence. AIA Sri Lanka was named the Winner in the Insurance, Finance, Investment and Real Estate sector at the Chartered Institute of Personnel Management (CIPM) Great HR Awards, a recognition that reflects our continued focus on progressive Human Resources (HR) practices and a culture built around trust, respect, and purpose.

Our commitment to building an inclusive and equitable workplace is further reinforced by AIA Sri Lanka being the only insurer in the country to be certified with the prestigious EDGE Assess Certification for the second consecutive time. This milestone affirms our sustained efforts to foster diversity, equity, and inclusion, ensuring that every individual is given equal opportunities to be their best versions.

Continuing our commitment to ensure a great workplace for all employees, AIA Sri Lanka secured the Best Workplaces Award for the 13th consecutive year, along with the Best Workplaces in Asia award. In addition, the Company was recognised as a Best Workplace for Women for the 8th consecutive year, a Best Workplace for Young Talent for the 2nd time, and received the Industry Excellence for Workplace Culture in the Financial Services & Insurance Sector award, as well as the Excellence in 'Maximising Human Potential' award.

These accolades are supported by the voices of our people. In 2025, AIA Sri Lanka successfully passed the rigorous assessments of the Great Place to Work® Trust Index© and Culture Audit©, scoring among the top organisations in the country. The Company was also recognised as an organisation

Management Discussion and Analysis

that invests in its people, and develops strong leadership and management capabilities, receiving the 'Companies with Great Managers' award. Collectively, these recognitions reflect the everyday experiences of our employees and reinforce AIA Sri Lanka's position as a truly great workplace for all, and a trusted employer of choice.



Redefining workplace excellence year after year

Creating a level playing ground for all!

Fostering an equitable culture for our employees is a commitment that we place at all levels.

A key highlight of AIA Sri Lanka's diversity agenda is its signature women's programme, 'ඒෆ් ඔරුකින AIA', which carries a powerful message of protection, care, and recognition for women. The programme not only demonstrates the Company's commitment to supporting women across the country but also celebrates the invaluable contributions women make toward the organisation's success. Since its launch three years ago, it has delivered insurance solutions, financial literacy training, recognition platforms, networks, and access to essential information for Sri Lankan women, reaching a significant number of women through targeted initiatives across multiple strategic pillars. These efforts include rolling out the International Finance Corporation (IFC) developed Gender Sensitivity Training (GST), strengthening gender-responsive sales practices, fostering a gender-balanced workforce, collaborating with WCIC to uplift women entrepreneurs, and introducing women-focused offerings such as 'She Protect' and the specialised insurance plan for Commercial Bank's 'Anagi' customers. Under the Commercial Bank initiatives, AIA Sri Lanka also expanded its reach by engaging more women through the promotion of AIA pension plans, further supporting long-term financial security for female customers. Together, these initiatives reinforce AIA Sri Lanka's commitment to building a more inclusive and gender-equal society.

In 2025, AIA Sri Lanka strengthened this foundation further by placing significant emphasis on employee Network Forums under the 'ඒෆ් ඔරුකින AIA' programme. These Forums have become a key driver in nurturing a workplace culture rooted in connection, dialogue, and collaboration, ensuring inclusivity is lived authentically across teams. This year, the Network rolled out two key initiatives: an empowering programme for working mothers to help them navigate and balance professional and family responsibilities while providing a safe forum for mothers to connect and share experiences, and a breast cancer awareness initiative delivered in partnership with the Sri Lanka Cancer Society, reinforcing AIA Sri Lanka's continued commitment to the well-being, support, and empowerment of our female colleagues.

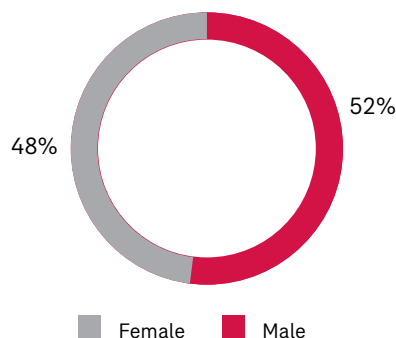
Our comprehensive 100 Working Day Motherhood Benefit continues to support female employees through extended maternity leave and flexible work arrangements, while the 10 Working Day Paternity benefit enables male employees to spend valuable time with their families and newborns. In addition, the New Parents Support Scheme provides a reimbursable allowance of up to LKR 5,000 per month to support expenses related to newborn essentials and childcare. Further strengthening the Company's commitment to employee well-being and family care, Compassionate Leave was introduced in addition to these benefits, granting employees two days of leave to care for their loved ones.

AIA Sri Lanka also marked key diversity milestones such as International Women's Day and Men's Day, while celebrating cultural heritage through traditional events. These moments brought our people together, reinforcing respect, inclusion, and shared values across the organisation. Underpinning all these efforts is AIA Sri Lanka's zero-tolerance approach to discrimination and harassment in any form, creating a safe, respectful, and comfortable environment for all employees to thrive.

Our people

The Company's workforce comprised 1,060 employees in the permanent cadre with a healthy mix of female and male employees by the end of 2025. The average female representation was above 48 percent as at end of the year.

Male and female population



Management Discussion and Analysis

As a Company that is driven by the brand purpose of encouraging people to live Healthier, Longer, Better Lives, we have created a supportive work environment to offer a balanced work culture.



Company Conference 2025

In January 2025, AIA Sri Lanka proudly celebrated its exceptional achievements in 2024, marking a landmark year in which the Company surpassed LKR 10 billion in Annualised New Premium (ANP) along with several other significant milestones, including being strongly positioned to lead the market in MDRT qualifications. The event also served as an opportunity to recognise the outstanding contributions of multiple departments, including Agency and Partnership Distribution, Life Operations, Finance, Marketing, IT, Facilities, Legal and Company Secretarial, Risk and Compliance, Internal Audit, Sales Training, HR, and the Executive Office.

Our workforce well-being framework has evolved into 'Work Well with AIA Sri Lanka', a holistic approach built around four pillars—Live Well, Think Well, Feel Well, and Plan Well—through which targeted initiatives are delivered throughout the year to support employee well-being, engagement, and a healthy workplace culture. Live Well focuses on physical well-being with nutritious wellness programmes, health walks, Zumba and Cross-Fit sessions, and health awareness initiatives such as the Cancer Awareness Series, Diabetes Day programmes, and World Lung Day sessions that promote preventive care and healthy lifestyles. Think Well addresses mental well-being and energy management through a 24/7 counselling support line, leader-led awareness sessions, and talk shows that normalise mental health conversations, complemented by the 'Me@AIA' energy management programme, mindfulness sessions, and work-life balance initiatives that strengthen resilience and sustained performance. Feel Well enhances emotional and social wellbeing through employee-led CSR initiatives and diversity efforts that foster pride, inclusion, and a meaningful emotional connection to the organisation, further supported by the provision of two paid volunteer leave days per year, enabling employees to engage in Company-approved charity work and actively contribute to the community. Plan Well supports financial well-being by improving financial literacy through forums on the economy, investment options, and tax planning, empowering employees to make informed decisions that strengthen long-term financial security.

Complementing this structured wellbeing framework and further reinforcing our inclusive workplace culture, our Sports and Recreation Club plays a key role in promoting connection, balance, and enjoyment across the organisation throughout the year. A voluntary staff committee, appointed annually, takes responsibility for organising a wide range of recreational and social initiatives that cater to the diverse demographics of the Company, with dedicated funding allocated through the annual plan budgets. These year-round initiatives, ranging from the Annual Dinner Dance, family trips to star-class hotels, sports tournaments, and fitness activities, to traditional and religious celebrations and children's events, are among the most valued ways in which the Company supports work-life balance, strengthens camaraderie, and enhances overall employee wellbeing.

World-class International Recognition for our CEO

Our CEO Chathuri Munaweera won the prestigious Geneva Association Women in Insurance award in 2025 for her outstanding business leadership through economic crisis. Chathuri's appointment as CEO in 2022 coincided with the beginning of Sri Lanka's worst economic, political and societal turmoil since its independence in 1948. Chathuri's comprehensive response, including prioritising food security for employees and agents, enabled AIA Sri Lanka to emerge from the crisis financially stable and as a leading insurance provider in the country. A staunch champion of gender equity, inclusivity and sustainability, Chathuri has increased the female workforce at AIA Sri Lanka from 41 per cent to 48 per cent since 2022, introduced women-centric insurance products, and strengthened financial inclusion through bancassurance partnerships.

The Geneva Association is the only global association of insurance companies; its members are insurance and reinsurance CEOs. Based on rigorous research conducted in collaboration with its members, academic institutions and multilateral organisations, The Geneva Association investigates key risk areas that are likely to impact the insurance industry, develops recommendations and provides a platform for stakeholders to discuss them. In total, the companies of Geneva Association members are headquartered in 26 countries around the world; manage USD 21 trillion in assets; employ more than 2.5 million people; and protect 2.6 billion people.



Our CEO Chathuri, addressing the Geneva Association Awards Ceremony

Management Discussion and Analysis

Best CFO Award 2025 from CA Sri Lanka for our CFO

Sampath Thushara, Chief Financial Officer, has been awarded the prestigious ‘CFO of the Year 2025’ by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The award was presented at the 46th National Conference of Chartered Accountants.

This recognition celebrates Sampath’s transformational leadership, strategic financial stewardship, and his outstanding contributions to both the insurance industry and the accounting profession in Sri Lanka. With over 20 years of experience spanning audit, apparel, telecommunications, manufacturing, and insurance, Sampath has consistently demonstrated excellence in financial strategy, governance, and innovation.



Promoting healthy eating during festive season



Blood donation campaign



AIA Family Fiesta / Digital Avurudu Kumara and Kumariya

In celebration of World Environment Day, AIA Sri Lanka brought renewed focus to its industry-first Rooftop Model Garden, encouraging employees to embrace sustainable living through edible home gardening. The initiative highlighted how simple, eco-friendly practices can support well-being, reduce stress, and foster a closer connection with nature, while a children’s art competition helped build intergenerational awareness around caring for the environment and self-sufficiency.

The ability to attract and retain the right talent is critical in support of the delivery of Strategic Priorities. At AIA Sri Lanka, we believe that supporting new joiners with a structured programme during their early days with the Company is essential to helping them settle in successfully. LIFT is an AIA Group-driven structured programme which was designed to help new joiners Learn, Integrate, Focus, and Thrive (LIFT). This structured approach has helped us to retain newcomers during their first year of service, and further resulted in better retention of all our employees through different learning, engagement and recognition-related initiatives.



Celebrating LKR 10 billion achievement

Management Discussion and Analysis



'Me@AIA' Wellbeing Programme

In addition to having an effective process in attracting the right talent, we also make it a top priority to develop our people and our leadership capabilities. Continuing the employee learning journey in 2025, our Learning and Development plan was aligned with business expectations and to support the leaders to provide clarity to their people and engage them with the Company in the long-term.

To foster a culture of innovation and continuous improvement, we provide our employees with access to over 10,000 LinkedIn courses through our Workday platform. This digital learning resource is a key component of our blended 70:20:10 approach, which emphasises experiential learning through cross-functional projects, mentorship, coaching, and international experiences. This investment in human capital translates to over 37,000 training hours, averaging 35 hours per active learner. To further drive innovation and leadership development, the Company launched signature programmes such as 'Sustaining Success', delivered by an international leadership coach targeting the development of Enterprise Leadership skills in our senior functional leaders.

Additionally, the Leadership Development Curriculum such as 'Aspire to Ascend', and 'LeaderShift' were carried out to develop the managerial skills in our functional leaders while other development initiatives were carried out to increase customer centricity and business process efficiency.



New joiners at the AIA LIFT programme



'Pulse' – customer centricity



'Sustaining Success' – building enterprise level leadership

INVESTMENT REVIEW

AIA Sri Lanka advocates a long-term investment strategy supporting long-term growth and continued to maintain a prudent investment approach across its investment portfolios, in line with its investment philosophy and guidelines as set out in the Investment Policy.

In line with the Company's prudent capital allocation framework, the majority of the investment portfolios continue to be allocated to high credit quality fixed income securities,

Management Discussion and Analysis

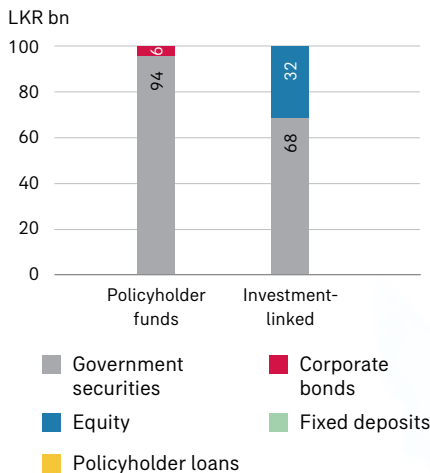
with a significant proportion invested in government securities. This allocation remained consistent during 2025, reflecting the Company's focus on capital preservation, income stability, and balance-sheet resilience.

Any investments in corporate debt securities are restricted to counterparties rated 'A' (LKA) and above, as rated by Fitch Ratings Lanka. This disciplined credit approach continued to be advantageous during 2025, given the lingering effects of sovereign and corporate rating pressures. The concentration in long-term government securities at attractive yields and the continued absence of high-risk assets within the main policyholder funds remain deliberate investment decisions, aligned with the Company's prudent long-term strategy and risk appetite.

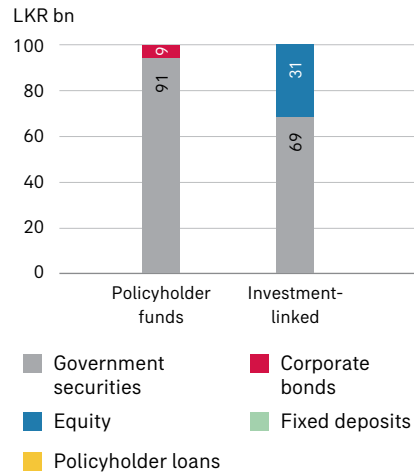
The economic environment in Sri Lanka had a direct impact on the investment strategy adopted during 2025, as interest rates remained on a downward trajectory under CBSL's accommodative monetary policy stance. The Company continued to proactively manage portfolio duration and reinvestment timing, enabling the funds to lock in government securities at favourable yields ahead of further yield compression and during periodic market volatility. These actions supported maintaining the overall carrying yields of the funds and will continue to provide sustainable income over the long-term.

The main policyholder fund continues to exclude listed equity investments in line with the conservative risk profile of the portfolio, except for a small strategic holding which remains negligible relative to total assets. Listed equity exposures are maintained only within the two unit-linked funds to meet specific policyholder return expectations. These funds benefitted from the positive momentum in the Colombo equity market during 2025, generating strong equity-linked returns in line with broader market performance.

Investment portfolio asset allocation – 2025



Investment portfolio asset allocation – 2024



FINANCIAL REVIEW

The Financial Review presents the financial performance of the Group, comprising AIA Insurance Lanka Limited and its wholly owned subsidiary, Rainbow Trust Management Limited, for the year ended 31 December 2025.

During 2025, the Company delivered strong financial performance despite operating in a challenging macroeconomic environment, further compounded by weather-related disruptions arising from Cyclone Ditwah during the latter part of the year. Robust new business growth, resilient renewal collections supported by digital initiatives, and continued disciplined financial management enabled the Group to sustain momentum and maintain financial strength throughout the year.

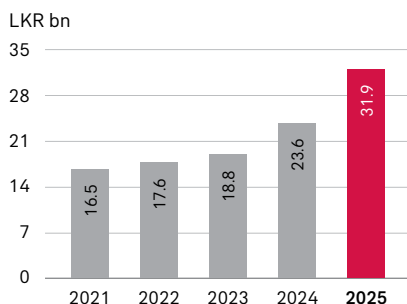
Gross Written Premium (GWP)

GWP increased to LKR 31.9 billion in 2025 from LKR 23.6 billion in 2024, recording an annual growth of 35.2 per cent, against the backdrop of the challenging economic and political conditions. The growth is derived from an increase of 42.1 per

Management Discussion and Analysis

cent for the first-year premium during 2025, renewal premiums aided by digitally enabled premium collection channels and other conservation initiatives, and achievement of the Company's highest ever ANP in 2025 of over LKR 13.5 billion, which is higher than business plan commitments.

Gross Written Premium



Net Written Premium (NWP)

The NWP, which is GWP net of premiums ceded to reinsurers, amounted to LKR 31.8 billion, which is a 35.2 per cent growth over the previous year.

Investment income

Net Investment Income increased by 12.8 per cent to LKR 13.1 billion in 2025. This is mainly due to the portfolios locking in new investments in the medium to long-term to capture higher yields, and benefits from higher new business during 2025.

Total income

Total income increased to LKR 47.7 billion, recording a growth of 26.2 per cent over the previous year. NWP and other income contributed 66.8 per cent and 33.2 per cent respectively, to total income in 2025 and 62.4 per cent and 37.6 per cent respectively, in 2024.

Net claims and benefits

Net claims and benefits increased by 14.9 per cent to LKR 8.1 billion in 2025 driven by higher surrenders, partial withdrawals, and maturity benefits, in line with the overall growth in GWP during the year.

Operating and administrative expenses

The prevailing economic environment necessitated tight expense controls and enhanced cost monitoring. Accordingly, the Company successfully curtailed operating and administrative expenses to LKR 13.7 billion representing a 20.3 per cent change compared to the previous year, despite adverse economic conditions.

Change in contractual liability

Change in contractual liabilities for the year recorded at LKR 18.0 billion, which is a 44.0 per cent increase over the previous year. The movement is driven by changes in the risk-free rates observed during the year. Transfers to or from the Life Policyholders' liabilities are carried out post the annual actuarial review by the Company's Appointed Actuary on the adequacy of the policy liabilities and reserving for policy commitments.

Life surplus transfer

In 2025, LKR 1,658.5 million was transferred to the Life Shareholders' fund from the policyholders' funds.

Profit after tax

The consolidated profit after tax was recorded at LKR 2.7 billion for 2025, which is similar to the previous year irrespective of the economic challenges observed in 2025.

Analysis of Statement of Financial Position

Total assets at the end of 2025 amounted to LKR 137.2 billion, which is a 16.3 per cent increase from LKR 118.0 billion recorded for 2024. The substantial downward shift in market yields and the corresponding increase in market prices of fixed income financial assets contributed to the increase in the value of financial assets for 2025. Financial assets represented 87.5 per cent of the total assets as at 31 December 2025.

Management Discussion and Analysis

Property, Plant, and Equipment (PPE)

The net book value of PPE increased to LKR 1,263.7 million in 2025 from LKR 1,079.7 million in the previous year, which is mainly due to the additions of the fixed assets during the year. The Right of Use (ROU) assets of LKR 503.0 million represent amounts recognised on account of leasehold properties and vehicles as per SLFRS 16 leases. The detailed notes are presented in Notes 7 and 19.2 to the Financial Statements on [pages 128 and 140](#), respectively.

Long term insurance fund

The long term insurance fund as at the end of 2025 amounted to LKR 99.2 billion an increase from LKR 82.5 billion, in 2024. The increase in the long term insurance fund is a result of the movement in contractual liabilities within the income statement of the Company, and the key drivers of which are explained in the relevant section within this financial review. The Company's Appointed Actuary's Report is provided on [page 91](#) of this Annual Report. Necessary provisions, including those for dividends to policyholders, solvency margins, and other required reserves, have been made from the long term insurance fund as recommended by the Company's Appointed Actuary.

Shareholders' equity

Total equity as at the end of 2025 was LKR 28.9 billion, and this includes the RBC one-off surplus that is maintained within the shareholders' equity as a restricted regulatory reserve in line with Direction #16 issued by IRCSL. The shareholders' equity level supports the Company in maintaining a high Capital Adequacy Ratio.

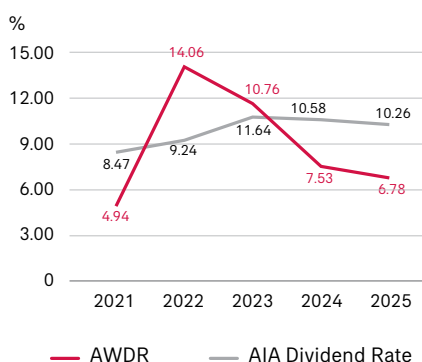
Risk-Based Capital (RBC) one-off surplus

The Company adopted the RBC solvency regime for solvency purposes with effect from 01 January 2016 in line with the regulations and guidelines issued by IRCSL. This is a methodology for determining policy liabilities for universal life business under the RBC rules. The surplus of LKR 6,080.8 million that arose due to the change in valuation method from Net Premium Valuation (NPV) basis to Gross Premium Valuation (GPV) basis is referred to as the RBC one-off surplus, and this was transferred to the shareholders' fund as stipulated in the regulations. IRCSL has instructed that the RBC one-off surplus be held as a 'Restricted Regulatory Reserve' within shareholders' equity and not be distributed.

Policyholder dividends

In 2025, the declared policyholders' dividend rate was 10.26 per cent compared to 10.58 per cent in the previous year for the 75.0 per cent cohort. Management was able to declare an attractive long-term return to its policyholders, in the context of a lower-interest rate environment compared to the previous year, while maintaining a prudent investment approach to safeguard the long-term interests of its policyholders. The dividend rate depicted in the chart below is for the lower bound of the dividends earned by policyholders, and certain cohorts of policies receive a higher dividend rate allocation than those indicated in the chart based on the specific conditions on those specific policy contracts.

Dividend rates and average weighted deposit rate (AWDR)



Together with the conventional funds, the Company's unit-linked funds also yielded exceptional results to its policyholders with 34.0 per cent / 21.6 per cent / 7.4 per cent / 7.1 per cent / 7.7 per cent for the Growth / Balanced / Secure / Protected / Stable Money Market funds, respectively.

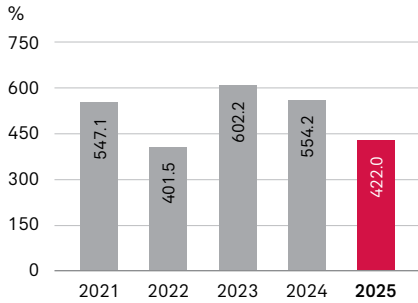
Risk-Based Capital Adequacy Ratio

AIA Sri Lanka continued to have a strong Capital Adequacy Ratio (CAR), under the Risk-Based Capital regime, which amounted to 422.0 per cent by the end of 2025. The year-on-year decrease from 554.2 per cent in 2024 reflects the organic growth of the portfolio and tactical management of investment assets in a declining interest rate environment.

Capital Adequacy Ratio includes the RBC one-off surplus of LKR 6,080.8 million, which is maintained within the shareholders' equity as per IRCSL's instructions.

Management Discussion and Analysis

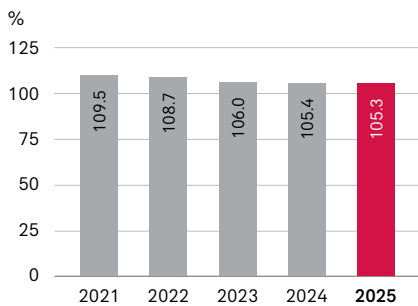
RBC Capital Adequacy Ratio



Approved assets

Approved assets as a percentage of the long term insurance fund was 105.3 per cent in 2025, and higher than the requirement of 100 per cent. The approved asset ratio has remained relatively stable and high over the past years, as reflected below.

Approved assets as a percent of Life Fund



Investments in government securities as a percentage of the life fund

Government securities represented 94.6 per cent of the long term insurance fund, which more than adequately surpasses the regulatory minimum of 30.0 per cent.

OUTLOOK 2026

As we step into 2026, AIA Sri Lanka is well positioned to build on the macroeconomic stability achieved over the past two years and transition confidently into a phase of sustainable, high-quality growth. The broader economic environment,

supported by projected GDP expansion of around 3.1 per cent as per the IMF and continued progress under the IMF EFF, signals a shift from recovery to expansion. With inflation expected to remain within single digits and the exchange rate showing increased stability, household purchasing power is set to improve. These conditions create a favourable platform for life insurance penetration to grow beyond the current estimated 0.6 per cent of GDP, enabling AIA Sri Lanka to further strengthen its role in securing the financial well-being of individuals and families across the country.

The evolving customer landscape in 2026 will be shaped by rising health consciousness, an increasing emphasis on financial protection, and heightened interest in long-term wealth preservation. Customers are no longer seeking standalone policies but integrated solutions that blend health, protection, and wealth. This shift aligns strongly with AIA Sri Lanka's strategy to offer holistic health and critical illness coverage, wellness-linked benefits, and wealth-preservation features that support both immediate protection needs and long-term financial aspirations. Through this integrated approach, AIA Sri Lanka continues its evolution from a traditional claims payer to a trusted partner in health, wealth and wellness.

A core driver of AIA Sri Lanka's growth in 2026 will be the strengthening of its multi-channel distribution strategy. The Company will continue to reinforce its agency force, focusing on professional development, data-driven sales practices, and improved recruitment and retention. The Agency channel remains central to AIA Sri Lanka's distribution strength, and ongoing capability enhancement will ensure that the model stays competitive and relevant in a digitally enabled environment. In parallel, AIA will expand its digital distribution capabilities, leveraging significant advancements made through AIA Project NOVA, which aims to digitalise key business processes including Wealth Planner recruitment, onboarding, training through a Learning Management System, and real-time sales activity tracking. These enhancements are expected to improve productivity, shorten turnaround times, and unlock operational efficiencies across the distribution network.

Management Discussion and Analysis

At the same time, the Partnership Distribution channel will continue to emerge as a major growth engine for the industry, and AIA Sri Lanka is well placed to capitalise on this momentum. Through deeper integration with banking partners and expanded use of digital interfaces, the Company will improve accessibility, broaden reach across emerging customer segments, and provide more seamless protection solutions. This strengthened partnership strategy will complement the agency and digital channels, creating a balanced distribution footprint capable of driving scale and quality.

Digital infrastructure development at the national level is expected to further accelerate industry transformation in 2026. The continued rollout of digital identity verification and e-KYC frameworks will significantly reduce onboarding friction, lower administrative costs, and enable faster policy issuance. These advancements will enhance customer experience and allow AIA Sri Lanka to reach underpenetrated markets and rural

communities, small and medium-sized enterprises (SMEs), and younger demographics with greater efficiency. A digitally enabled operational backbone will also support improved compliance, better risk controls, and enhanced customer confidence.

Overall, 2026 represents a year of purposeful, disciplined growth for the life insurance industry, and AIA Sri Lanka is exceptionally well positioned to lead this trajectory. With strong capital backing, a clear purpose-driven strategy, a digitally empowered distribution ecosystem, and a deep commitment to helping people live Healthier, Longer, Better Lives, the Company is ready to capture the opportunities ahead. By focusing on protection-led growth, enhancing digital and partnership capabilities, and embedding customer wellness into every solution, AIA Sri Lanka will continue creating long-term value while strengthening its role as a trusted partner in safeguarding the financial futures and well-being of Sri Lankan families.

39 Governance

Content

40	Board of Directors	81	Risk Management Review	88	Nominations and Governance Committee Report
44	Executive Committee and Senior Management Team	83	Audit and Compliance Committee Report	90	Investment Committee Report
49	The Annual Report of the Board of Directors on the Affairs of the Company	85	Remuneration Committee Report	91	Actuary's Report
57	Corporate Governance	86	Related Party Transactions Review Committee Report	92	Statement of Solvency
				92	Statement of Approved Assets

Board of Directors



Biswa Prakash Misra

Chairman / Non-Executive Director

Appointed as the Chairman to the Board of Directors of the Company on 06 January 2025.

Mr. Biswa Prakash Misra is Group Chief Technology and Life Operations Officer of AIA Group. He is responsible for the Group's businesses operating in New Zealand and Sri Lanka.

Mr. Misra is also responsible for providing leadership to the Group's technology, digital and analytics as well as Group Operations and Operations Shared Services. He is a Director of various companies within the Group.

Mr. Misra joined the Group in June 2013. Prior to joining the Group, he served as the Regional Chief Technology Officer for ING Insurance Asia Pacific. Previously, he spent six years with information technology consulting firm Capgemini, leading the company's insurance practice for Asia.

Mr. Misra holds a degree in Electrical Engineering from the National Institute of Technology, Surat, India.



Chathuri Munaweera

Director / Chief Executive Officer / Principal Officer

Appointed as the CEO and Executive Director to the Board of Directors of the Company on 01 May 2022, Ms. Chathuri also serves as the Principal Officer and chairs the Investment Committee of the Company.

She has over 24 years of leadership experience having last held the position of Chief Operations Officer / Director Operations of the Company prior to her appointment as the CEO. She also has expertise in the fields of law, compliance, human resources, sales and customer services. She is an Attorney-at-Law and holds a Bachelor and Master of Laws from the University of Colombo and an International Diploma in Compliance from the International Compliance Association, UK.

She is currently the Vice President of the Insurance Association of Sri Lanka and represents the ExCo of the Council of Sri Lanka Institute of Directors. She has previously served in the ExCo of the International Chamber of Commerce in Sri Lanka.

Ms. Chathuri's leadership consistently delivers strong, sustainable business results, while also advancing gender equity, inclusivity and sustainability, as reflected in the many recognitions she has received locally and globally. In 2025, she was honoured with '*Vanithabhimani*' awarded by NDB Bank and MTV and 'Excellence in Corporate Leadership' Award for Top Businesswomen by the Global CEOs' Forum. She also received the global award of 'Women in Insurance 2024' by Geneva Association, Switzerland, presented at Geneva Association's 52nd General Assembly 2025 in New York, USA.

Board of Directors



Stuart Anthony Spencer

Non-Executive Director

Appointed to the Board of Directors of the Company on 03 August 2017.

Mr. Stuart Anthony Spencer started his career in New York at American Express Travel Related Services in the field of marketing. He is an alumnus of the Harvard Business School, The Fletcher School of Law and Diplomacy, and Brandeis University. Mr. Spencer serves as the Group Chief Marketing Officer of AIA, responsible for AIA Vitality, propositions, branding, communications, sponsorships, events, customer engagement, and marketing digitalisation. He is a Director of various companies within the Group.

Mr. Spencer occupied numerous leadership roles at AIG and AIA from 1996 to 2009 in the USA, Latin America, and Asia, where he served as the Global President of Accident and Health Worldwide for the AIG Life Companies. Mr. Spencer rejoined AIA in May 2017 from Zurich Insurance Group, where he was the CEO, General Insurance, Asia Pacific.



Deepal Sooriyaarachchi

Non-Executive Director

Appointed to the Board of Directors of the Company on 17 May 2005.

Mr. Deepal Sooriyaarachchi functioned as the Managing Director until the end of February 2010. He continued as an Executive Director until April 2012 and was declared an Independent Non-Executive Director in August 2012.

He currently serves the Board as a Non-Executive Director.

He is a fellow of the Sri Lanka Institute of Marketing, an Accredited Master Coach and a Master Mentor, and has a Master of Business Administration from the University of Sri Jayewardenepura.

Mr. Sooriyaarachchi is a management consultant, author, trainer, and a speaker.

He currently serves as a Non-Executive Director of Panasian Power PLC, R-E-D Capital Asia Pvt Ltd, Siyapatha Finance PLC, Kelani Cables PLC, Prime Land Residencies PLC, Singer Sri Lanka PLC, Lanka Shipping and Logistics (Pvt) Ltd, Medapp (Pvt) Ltd, and the Managing Director of Sati Human Development Institute (Pvt) Ltd. He also serves on the Board of the Postgraduate Institute of Management of the University of Sri Jayewardenepura (PIM).

He was an Independent Non-Executive Director of Sampath Bank PLC and Hemas Manufacturing (Pvt) Ltd, and also served as the Commissioner of the Sri Lanka Inventors Commission. He is also a distinguished past president of the Sri Lanka Institute of Marketing.

Board of Directors



Upul Wijesinghe

Executive Director

Appointed to the Board of Directors of the Company on 30 January 2023.

Mr. Upul Wijesinghe serves as the Deputy Chief Executive Officer and the Chief Distribution Officer of the Company, responsible for driving the Agency Alternate business operations in Sri Lanka.

Mr. Wijesinghe has three decades of experience in the area of agency distribution including strategic planning, implementing, advising and guiding agency through substantial change management, and digital transformation to steer the Company's development towards success.

He holds a Bachelor of Science (Hons) from the University of Colombo and a Postgraduate Diploma in Actuarial Science. He is an associate of the Chartered Insurance Institute, UK, and an Alumni of the International Institute of Management Development, Switzerland. He also served as the President of Sri Lanka Insurance Institute from 2002 to 2003.

He also held various other senior positions in the Company where he was appointed as the Specified Officer, Deputy Managing Director, and Principal Officer of the Company.

Mr. Wijesinghe currently serves as the Chairman of Rainbow Trust Management Limited which is a fully owned subsidiary of the Company.



Indrajit Asela Wickramasinghe

Independent Non-Executive Director

Appointed to the Board of Directors of the Company on 07 January 2025.

He holds a Master of Business Administration from the Postgraduate Institute of Management of the University of Sri Jayawardenepura. He is a fellow of the Chartered Institute of Marketing, UK, and a member of the Oxford Business Alumni, University of Oxford, UK.

He was the former Chief Executive Officer / Director of Union Bank for over nine years and also served as the Chief Operating Officer of NDB Bank. He also held the positions of Chairman of the Financial Ombudsman Sri Lanka (Guarantee) and a Director of the Credit Information Bureau of Sri Lanka.

Prior to joining the financial service sector, he was with the leading multi-national company Reckitt and Colman for over 12 years holding senior management positions.

Mr. Wickramasinghe currently serves as a Director of several other companies including DFCC Bank PLC, Fintrex Finance Limited, Overseas Realty (Ceylon) PLC, Ceylon Grain Elevators PLC, Three Acre Farms PLC, C W Mackie PLC, Colombo Fort Land & Building PLC and Diesel and Motor Engineering PLC.

Board of Directors



Hiran Asoka Pieris

Independent Non-Executive Director

Appointed to the Board of Directors of the Company on 01 September 2025.

Mr. Pieris held senior leadership roles in some of Sri Lanka's most prominent listed entities and multinational operations, including Singer Group and Cargills. His tenure as Group CEO and Managing Director of Singer Group in Sri Lanka, Managing Director of Cargills Retail and CFO of Singer Asia Ltd in Hong Kong underscores his international exposure and strategic acumen.

At present, Mr. Pieris serves as the Chairman/Director of Cargills Bank PLC, and Director of Autodrome PLC. Furthermore, he has effective experience in the financial services industry from 1990 at various capacities leading up to CEO/MD/Chairman positions.



Deepthi Prasad Lokuarachchi

Independent Non-Executive Director

Mr. Lokuarachchi was appointed to the Board of Directors of AIA Insurance Lanka Limited on 15 October 2025.

He has previously held directorships in companies such as Allianz Insurance Lanka Ltd, HNB Assurance PLC, HNB General Insurance Ltd, and Chartis Insurance Ltd. Mr. Lokuarachchi has also served as Group Chief Executive Officer of The Lanka Hospitals Corporation PLC and Chief Executive Officer of Sri Lanka Insurance Corporation Ltd.

At present, Mr. Lokuarachchi serves as a Non-Executive Director at Siyapatha Finance PLC and as an Independent Non-Executive Director at People's Bank.

Mr. Lokuarachchi brings with him over three decades of experience in the insurance and healthcare sectors.

Executive Committee and Senior Management Team

Executive Committee

Chanaka Liyanage
Chief Agency Officer

Hasitha Mapalagama
Chief Risk and
Compliance Officer

Sasith Bambaradeniya
Chief Marketing Officer



Sampath Thushara
Chief Financial Officer

Thushari Perera
Director Human Resources

Executive Committee and Senior Management Team

Upul Wijesinghe

Deputy Chief Executive Officer /
Chief Distribution Officer /
Executive Director

Suresh Edirisinghe

Chief Life Officer /
Director Operations /
Specified Officer

Senaka Rajapakse

Chief Partnership Distribution
Officer

**Chathuri Munaweera**

Director / Chief Executive Officer /
Principal Officer

Thusara Ranasinghe

Chief Legal Officer / Company
Secretary

Executive Committee and Senior Management Team

Chathuri Munaweera

Director / Chief Executive Officer / Principal Officer

Attorney-at-Law, LL.M (Master of Laws, University of Colombo), LL.B (Bachelor of Laws, University of Colombo), ICA International Diploma in Compliance (Graduate) (International Compliance Association, University of Manchester, Manchester Business School, UK).

25 years of leadership experience in the fields of corporate law, compliance, services and human resources and was the Company's Chief Operations Officer / Director Operations prior to taking over as CEO / Executive Director.

Company's first female CEO and was named 'Emerging Leader of the Year' by Women Top 50 for 2023. Recognised by the International Finance Corporation (IFC) as one of 16 trailblazers who are driving gender equality in Sri Lanka, and '2024 Women in Insurance' award by Geneva Association.

Upul Wijesinghe

Deputy Chief Executive Officer / Chief Distribution Officer / Executive Director

BSc (Hons) (University of Colombo), Chartered Insurer, Postgraduate Diploma in Actuarial Science, Alumni of IMD (Switzerland).

37 years of experience in the insurance industry. He has held the positions of Specified Officer and Principal Officer of the Company.

He is currently an Executive Director of the Company and the Chairman / Director of Rainbow Trust Management Limited, a fully owned subsidiary of the Company. He was the President of the Sri Lanka Insurance Institute in 2002 and 2003.

Senaka Rajapakse

Chief Partnership Distribution Officer

Postgraduate Diploma in Business Management (Chartered Insurance Agency Management – CIAM), Postgraduate Diploma in Marketing (Postgraduate Institute of Marketing – PIM), Accelerated Leadership Programme (Indian Institute of Management, Ahmedabad IIMA / AVIVA).

23 years of work experience in the Agency division with over four years of leading and managing the Partnership Distribution channel. 27 years of service in sales and marketing in the life insurance industry. He is a Director of the Rainbow Trust Management Limited, a fully owned subsidiary of the Company. Awarded twice with LIMRA.

He represents the Company in the Marketing and Sales Forum of the Insurance Association of Sri Lanka.

Chanaka Liyanage

Chief Agency Officer

MBA (University of Southern Queensland), Diploma in Banking, Member of the Chartered Institute of Marketing (UK), Advanced Diploma in Management Accounting - CIMA (UK).

Responsible for overseeing the National Agency, including over 4,500 Wealth Planners, Managers, and support staff. Leads the Agency's growth, strategy, quality recruitment, and the digital transformation.

26 years of experience in banking and insurance, with a comprehensive background in both front-line and back-office operations.

Played a pivotal role in the growth and transformation of the Agency channel within his six years of experience in the Company.

He has served as a jury member for the National Sales Awards conducted by SLIM since 2016.

Sampath Thushara

Chief Financial Officer

MBA (Postgraduate Institute of Management, University of Sri Jayewardenepura), BSc in Business Administration (University of Sri Jayewardenepura), Fellow Member of the Institute of Chartered Accountants Sri Lanka, Associate of the Chartered Institute of Management Accountants (UK), Chartered Global Management Accountant of the Chartered Institute of Management Accountants (UK).

Over 22 years of experience in finance and accounting, with cross-industry expertise spanning audit and assurance, apparel manufacturing, telecommunications, and insurance.

He oversees the Company's finance, actuarial, sourcing, and business intelligence functions and serves as a member of the Board Investment Committee. He also held the role of Chief Investment Officer from 2022–2025, of the Company.

He is the Chairman of the Finance Technical Subcommittee of the Insurance Association of Sri Lanka and serves on the Taxation Steering Committee of the Ceylon Chamber of Commerce and IRCSL's RBC Task Force. He is a visiting lecturer at the University of Kelaniya.

In 2025, he was recognised as the 'Best CFO of the Year' by CA Sri Lanka.

Executive Committee and Senior Management Team

Thushari Perera

Director Human Resources

Fellow Member of the Chartered Institute of Personnel Development (UK), MBA (University of Wales Trinity Saint David, UK).

19 years of experience in all areas of human resource management and leadership practices.

Licentiate in chemistry from the Institute of Chemistry Ceylon. Certified Associate Coach from Corporate Coach Academy, Malaysia, and is a Certified Training and Development Specialist in many areas of people management.

She chairs the Human Resources Subcommittee of the Insurance Association of Sri Lanka and actively represents the Company at various human resource forums.

Hasitha Mapalagama

Chief Risk and Compliance Officer

MBA (Postgraduate Institute of Management, University of Sri Jayewardenepura), Associate of the Chartered Institute of Management Accountants (UK), Fellow of the Chartered Professional Managers (SL), Member of the Association of Certified Anti-Money Laundering Specialists (USA).

25 years of experience in the fields of risk, compliance and internal audit, covering telecommunications, consultancy and insurance with 18 years of experience in the Company.

He is a member of the Board Investment Committee of the Company.

Suresh Edirisinghe

Chief Life Officer / Director Operations / Specified Officer

MBA (Postgraduate Institute of Management, University of Sri Jayewardenepura), BSc Engineering degree (Hons) (University of Moratuwa), Certified Member of the Institute of Risk Management (UK), Member of the Chartered Institute of Insurance (UK), Chartered Insurer.

27 years of experience in insurance, customer management, and risk management. Currently leads the life operations function of the Company overseeing technical processes, digitalisation of customer journeys and customer experiences.

Visiting lecturer at the Finance Department of the University of Sri Jayewardenepura, MBA unit of University of Colombo, and Sri Lanka Insurance Institute (SLII).

He represents the Company in the Life Insurance Forum of the Insurance Association of Sri Lanka.

Sasith Bambaradeniya

Chief Marketing Officer

MBA (Postgraduate Institute of Management, University of Sri Jayewardenepura), BSc in Business – Major in Marketing and Management (University of Newcastle, Australia).

With 16 years of extensive experience in marketing, strategic planning, and operational leadership and a proven track record of spearheading award-winning campaigns through driving innovation, his expertise spans product management, e-commerce, brand building and transformative leadership across diverse industries.

Thusara Ranasinghe

Chief Legal Officer / Company Secretary

Attorney-at-Law, LLM (Master of Laws, University of Colombo), LLB (Bachelor of Laws, The Open University of Sri Lanka), BA (Bachelor of Arts, University of Colombo), Associate Member of the Chartered Insurance Institute (UK), Chartered Insurer, and a Fellow Member of the International Compliance Association (UK).

22 years of experience in the insurance industry and more than 17 years with the Company. Director of Rainbow Trust Management Limited which is a fully owned subsidiary of the Company. Held the positions of Chief Risk Officer from 2016 to 2017 and the Secretary to the Audit and Compliance Committee for more than 11 years. He holds Post Attorney's Diploma in Banking and Insurance Laws from the Sri Lanka Law College and a Diploma in Portfolio and Investment Management from the Institute of Bankers of Sri Lanka.

A visiting lecturer at the University of Colombo from 2018 to date. Chairman of the Legal Advisory Forum of the Insurance Association of Sri Lanka from 2014 to 2015.

Executive Committee and Senior Management Team

Senior Management Team



Samath Perera
Chief Actuary

Fellow of the Society of Actuaries (USA), B Comm – Actuarial Studies (Macquarie University), Masters in Insurance and Risk Management (Deakin University).

More than 15 years of experience across financial reporting, risk management, product development, investments, pricing, reinsurance and capital management in Australia, New Zealand and Sri Lanka.

He is a member of the Board Investment Committee of the Company.

He represents the Company at the Actuarial Subcommittee of the Insurance Association of Sri Lanka and a member of IRCSL's RBC Task Force.



Sampath Senadeera
Head of IT

MBA (Anglia Ruskin University, UK), Chartered IT Professional (CITP).

Chartered IT Professional with over 25 years of experience in the IT industry, having worked in the software development, aviation, manufacturing, and insurance industries. Currently, responsible for overseeing the Company's technology strategy and overall IT operations.



Zarah Juriansz
Chief Investment Officer

Chartered Financial Analyst (CFA), MBA (Post Graduate Institute of Management, University of Sri Jayewardenepura), BSc. Maths Sp. degree (Hons) University of Colombo, Associate of the Chartered Institute of Management Accountants (UK), Chartered Global Management Accountant of the Chartered Institute of Management Accountants (UK).

20 years' experience in investment management and governance.

Holds the Certificate in ESG Investing from the CFA Institute. She is a member of the Board Investment Committee of the Company and has held the position of Secretary of the Board Investment Committee of the Company from 2011.



Shamen Sameera
Head - Business Strategy

MBA (University of Wales Trinity Saint David, UK), BBA in Marketing (University of Colombo), CIMA (UK).

Over 10 years of experience in business strategy, digital transformation, foreign expansion and risk management. He currently leads Business Strategy, driving growth initiatives and transformation for AIA Sri Lanka.

He has been instrumental in strengthening business persistency and optimising the claims experience to meet organisational targets. He currently spearheads the Company's customer growth strategy. A distinguished communicator, and a Triple Champion of Toastmasters International, District 82.

The Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors (the Directors/the Board) of AIA Insurance Lanka Limited (the Company / AIA Insurance Lanka) has pleasure in presenting their Annual Report on the affairs of the Company during the financial year ended 31 December 2025, together with the Audited Financial Statements for the year ended 31 December 2025 of the Company and of the Group.

The Audited Financial Statements of the Company and of the Group for the said year and the Report of the External Auditors thereon are set out on [pages 96 to 98](#) of the Annual Report.

VISION

A statement of the Company's Corporate Vision is given on [page 2](#) of this Annual Report. Throughout the year, the Company's business activities have been conducted in alignment with this Vision, with a continued commitment in upholding ethical conduct and the highest standards of integrity across all business and workplace practices.

PRINCIPAL ACTIVITIES OF THE COMPANY AND OF ITS SUBSIDIARY

The principal activities of the Company during the year under review continued to be the conduct of long term insurance business in Sri Lanka. Rainbow Trust Management Limited, the Company's wholly owned subsidiary, continued to provide trustee services during the period.

To the best of the Board's knowledge, neither the Company nor its subsidiary engaged in any activities that were in contravention of applicable local laws or regulatory requirements.

REVIEW OF PERFORMANCE AND FUTURE DEVELOPMENTS

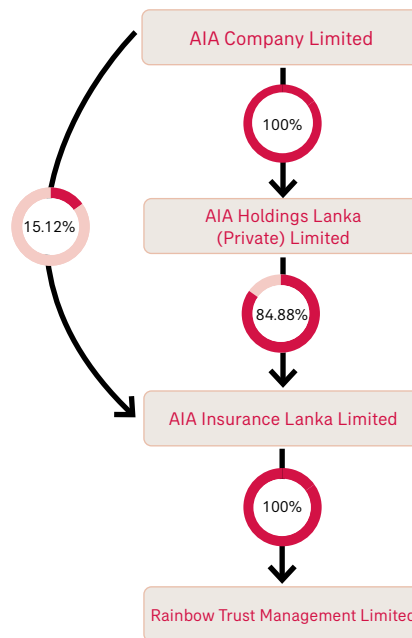
An overview of the financial and operational performance of the Company and the Group for the year ended 31 December 2025, together with insights into future developments, is presented in the Chairman's Message and the Chief Executive Officer's Review. A more detailed analysis, including commentary on the Risk Management Framework, is provided in the Management Discussion and Analysis, and Risk Management Review segments on [pages 11 to 38](#) and 81 to 82 of this Annual Report.

Taken together with the Audited Financial Statements, these reports present a comprehensive view of the state of affairs of the Company and the Group as at 31 December 2025.

SHAREHOLDING STRUCTURE

As at 31 December 2025 and up to the date of this Report, AIA Insurance Lanka Limited remained a subsidiary of AIA Holdings Lanka (Private) Limited ('AIA Holdings Lanka'), which continued to hold an 84.88 per cent majority shareholding in the Company. AIA Company Limited, Hong Kong ('AIA CO') held the remaining 15.12 per cent minority interest. AIA Holdings Lanka is, in turn, a wholly owned subsidiary of AIA CO.

The shareholding structure of the Company and its subsidiary as at 31 December 2025 and up to the date of this Report is set out below:



STATED CAPITAL AND RESERVES

The Company's stated capital as at 31 December 2025 amounted to LKR 3,201,921,896 (Sri Lanka Rupees three billion two hundred and one million nine hundred and twenty one thousand eight hundred and ninety six only) represented by 36,227,985 (Thirty six million two hundred and twenty seven thousand nine hundred and eighty five only) issued and fully paid ordinary shares.

The total capital and reserves for the Group as at 31 December 2025 stood at LKR 28,855 million (compared to LKR 27,296 million as at 31 December 2024). Further details are provided in Notes 24 to 27 of the Financial Statements.

The Annual Report of the Board of Directors on the Affairs of the Company

SHAREHOLDERS

As at 31 December 2025, the Company continued to have two shareholders, AIA Holdings Lanka (Private) Limited and AIA Company Limited, Hong Kong.

INTERIM FINANCIAL RESULTS

The interim financial results were prepared in accordance with the Sri Lanka Accounting Standards (SLFRS / LKAS) and were submitted to the relevant regulatory authorities during the year under review.

FINANCIAL STATEMENTS CONTAINED IN THE ANNUAL REPORT

The Audited Financial Statements of the Company and of the Group have been prepared in compliance with the Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 07 of 2007 (as amended), and, to the extent applicable, the Regulation of Insurance Industry Act No. 43 of 2000 (as amended).

The Statement of Directors' Responsibility for financial reporting is set out on [page 95](#) of this Annual Report.

The Financial Statements, duly approved and signed by the Chief Financial Officer and the Directors, are published on [pages 92 to 156](#) while the Report of the External Auditors is provided on [pages 96 to 98](#) of this Annual Report.

FINANCIAL RESULTS

The financial performance of the Company and the Group for the year ended 31 December 2025, together with the position of their respective affairs as at that date, is set out in the Financial Statements presented on [pages 99 to 156](#) of this Annual Report.

INCOME

Total income of the Company and the Group for the year under review amounted to LKR 47,657 million (compared to LKR 37,750 million in the previous year). This income was derived from the Company's long term insurance business and from trustee services provided by its subsidiary.

ACCOUNTING POLICIES

The material accounting policies applied by the Company and the Group in preparation of the Financial Statements are disclosed on [pages 106 to 126](#) of this Annual Report. These accounting policies have been applied consistently throughout the year and there were no material changes to the accounting policies adopted during the year under review.

LIFE SURPLUS AND POLICYHOLDERS' DIVIDENDS

The Board considered and approved the report submitted by the Company's Chief Actuary Mr. Samath Perera, in respect of the life insurance business. The report included recommendations on dividends payable to policyholders, as well as the transfer of the resulting surplus to the Income Statement. Further details are set out on [page 91](#) of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

As at the date of the Statement of Financial Position, the Group's net book value of property, plant and equipment amounted to LKR 1,264 million, while Right of Use (ROU) assets stood at LKR 503 million.

During the financial year under review, capital expenditure incurred by the Company and the Group on property, plant and equipment amounted to LKR 393 million.

Details relating to the Company's property, plant and equipment, together with movement in their carrying values during the year, are disclosed in Note 7 to the Financial Statements on [pages 128 to 129](#) of this Annual Report.

MARKET VALUE OF THE COMPANY'S PROPERTY, PLANT AND EQUIPMENT

The Board is of the view that the market value of the Company's property, plant and equipment do not differ materially to their respective carrying amounts as disclosed in the Notes to the Financial Statements on [page 128](#) of this Annual Report.

The Company owns 13.40 perches of freehold land at No. 76, Kew Road, Colombo 02 and 12.08 perches of freehold land at No. 80, Kew Road, Colombo 02. These properties are subject to annual revaluation in accordance with the applicable accounting policy. During the year under review, a revaluation surplus of LKR 64 million was recognized, resulting in a total revaluation reserve of LKR 365 million as at the reporting date.

Further details relating to the extent, location, and valuation of the Company's land holdings are disclosed in Note 7 of the Financial Statements on [page 129](#) of this Annual Report.

INVESTMENTS

Details of the investments held as at the date of the Statement of Financial Position are disclosed in Note 9 to the Financial Statements on [pages 130 to 133](#) of this Annual Report.

DONATIONS

Having considered the Company's role and responsibilities as a responsible corporate citizen, the Board resolved to ratify charitable donations amounting to LKR 6,786,516 made during the year under review. This amount is within 1.0 per cent of the average profit after tax for the three immediately preceding financial years.

The Annual Report of the Board of Directors on the Affairs of the Company

No donations, payments, or other benefits were made to political parties or for any politically affiliated purposes during the year under review.

PROVISIONS

The Board has made arrangements for the Company's Chief Actuary to carry out a review of the Life Fund valuations. The accounting policies adopted in respect of provisioning, together with the basis applied, are disclosed on [pages 113 to 118](#) of this Annual Report.

As at the date of this Report, the Board is not aware of any circumstances that would indicate that the provisions recognised in the Financial Statements are inadequate.

RESERVES

The total reserves of the Company as at 31 December 2025 amounted to LKR 25,647 million, while the total reserves of the Group stood at LKR 25,653 million as at the same date. These reserves comprise the revaluation reserve, restricted regulatory reserve, available-for-sale reserve, and retained earnings. Of these, retained earnings and available-for-sale reserves represent revenue reserves, while the revaluation reserve is classified as a capital reserve. Movements in the Company's and the Group's reserves during the year are set out in the respective Statements of Changes in Equity on [page 102](#) of this Annual Report.

PROVISION FOR TAXATION

Provisions for taxation in respect of the Company and its subsidiary have been computed in accordance with the applicable tax rates and bases as disclosed in Notes 22 and 38 to the Financial Statements. Details of these provisions are set out on [pages 143 and 150](#) of this Annual Report.

OUTSTANDING LITIGATION

In the opinion of the Board and on advice received from the Company's legal counsel, any litigation pending against the Company is not expected to have a material impact on the reported financial performance or future operations of the Company. Details of the related contingent liabilities are disclosed on [page 156](#) of this Annual Report.

EMPLOYEES

In 2025, AIA Sri Lanka recorded several key achievements in workplace excellence. The Company was named the Winner in the Insurance, Finance, Investment and Real Estate sector at the CIPM Great HR Awards.

AIA Sri Lanka also retained its EDGE Assess Certification for the second consecutive year, remaining the only insurer in the country to hold this recognition.

The organisation continued its strong performance at the Great Place to Work® Awards, securing the Best Workplaces Award for the 13th consecutive year. It was also recognised as one of the Best Workplaces in Asia for the second time, reinforcing its commitment to nurturing an exceptional employee experience across the region. Additional accolades included Best Workplace for Women (eighth consecutive year), Best Workplace for Young Talent (second time), Industry Excellence for Workplace Culture in the Financial Services and Insurance Sector, and Excellence in 'Maximising Human Potential.'

AIA Sri Lanka also successfully met the requirements of the Great Place to Work®, Trust Index® and Culture Audit®, ranking among the top organisations assessed. The Company was further recognised with the 'Companies with Great Managers' award for its focus on leadership and management development.

These are testaments of AIA Insurance Lanka in creating a safe environment for employees where people can enjoy a balance between personal wellbeing and career growth, whilst ensuring equal opportunities for everyone.

The details of the unique people practices' that enabled the success of the Company's business performance is described in the Management Discussion and Analysis on [pages 11 to 38](#) of the Annual Report.

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the reporting date, the Board of Directors approved and declared, on 27 February 2026, the payment of an interim dividend of LKR 62.5 per share for the financial year ended 31 December 2025, out of the profits available for distribution and in accordance with the provision of the Company's Articles of Association.

Other than the above, there were no events occurring after the Statement of Financial Position date that would require adjustment to, or disclosure in, the Financial Statements of the Company or the Group.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The Board is firmly committed to ensuring that the Company's business activities are conducted in accordance with sound governance principles and established best practices.

The Company's status of compliance with the Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka is given in the Corporate Governance section on [pages 57 to 80](#) of this Annual Report.

Based on its review of the effectiveness of internal control framework in place, the Board is satisfied that adequate systems and controls were maintained during the year under review to safeguard the interests of the Company's stakeholders.

The Annual Report of the Board of Directors on the Affairs of the Company

STATUTORY PAYMENTS

The Board confirms that, to the best of its knowledge and belief, all statutory and regulatory payments due as at the reporting date have been duly paid or adequately provided for by the Company, where applicable.

A formal Statement of Compliance by the Board in relation to statutory payments is included in the Directors' Statement of Responsibilities on Financial Reporting on [page 95](#) of this Annual Report.

INTERESTS REGISTER

The Company maintains an Interests Register in accordance with the requirements of the Companies Act No. 07 of 2007 (as amended). The particulars of entries made in the Interests Register during the financial year under review are summarised below:

- (a) Directors' and Chief Executive Officer's interests in transactions with the Company.

Details of the interests of the Directors and the Chief Executive Officer in transactions with the Company, where direct or indirect, during the year under review are disclosed in Note 42 to the Financial Statements under Related Party Disclosures, on [pages 152 to 155](#) of this Annual Report. Such interests have been duly disclosed in compliance with Section 192(2) of the Companies Act No. 07 of 2007 (as amended), declared at meetings of the Board where applicable, and duly recorded in the Interests Register.

- (b) Directors' and Chief Executive Officer's dealings with the Company's shares.

- I. Disclosure of relevant interests in the Company's shares.

In accordance with the provisions of Section 200 of the Companies Act No. 07 of 2007 (as amended), the Directors and the Chief Executive Officer made the requisite disclosures at meetings of the Board in respect of any relevant interests (if any) held in the Company's shares, including details of any acquisitions or disposals during the financial year ended 31 December 2025.

- II. Holding, acquisitions, or disposals of shares

Neither the Directors nor the Chief Executive Officer of the Company held, acquired or disposed of the shares of the Company at the beginning, during, or at the end of the financial year under review.

- (c) Use of Company information by the Directors and the Chief Executive Officer.

In accordance with the provisions of Section 197 of the Companies Act No. 07 of 2007 (as amended), particulars relating to the use of Company information by the Directors and the Chief Executive Officer, if any, were duly recorded in the Interests Register.

During the financial year under review, no authorisations were granted by the Board for the use of Company information by the Directors or the Chief Executive Officer.

Subject matter of information	Date of authorisation by the Board	Authorisation granted at a Board Meeting / by Circular Resolution
None	None	None

- (d) Details of remuneration and other benefits paid to the Directors and to the Chief Executive Officer.

The remuneration and fees payable to the Directors and the Chief Executive Officer are reviewed and recommended by the Remuneration Committee and are subject to approval by the Board of Directors.

In determining the remuneration, due consideration is given to ensuring an appropriate balance between market and industry benchmarks and fairness, while safeguarding the long-term interests of the Company. Fees paid to Independent Non-Executive Directors are determined in accordance with approved scales, as recommended by the Remuneration Committee and approved by the Board from time to time.

Details of the Directors' fees and emoluments paid during the financial year ended 31 December 2025, which have been duly approved by the Board, are set out below.

	Consolidated fees	
	2025 LKR '000	2024 LKR '000
Directors' emoluments*	269,375	236,967
Directors' fees	19,250	11,600

* The term 'Director', as used in the context of emoluments, includes the Chief Executive Officer of the Company.

The Company has not provided any guarantee or other form of security in connection with any loan made by any person to a Director or to the Chief Executive Officer of the Company, or of any related entity.

- (e) Insurance and Indemnity coverage provided to Directors and Officers (D & O Cover) of the Company and of its subsidiary.

A Group wide D & O insurance policy is maintained to provide coverage for the Directors and Officers of the Company, its holding Company, and its subsidiary. The D & O cover is arranged and maintained by AIA Company Limited, Hong Kong, with an aggregate cover limit of USD 300 million. Sri Lanka is covered under this master policy through a locally admitted insurance policy.

The Annual Report of the Board of Directors on the Affairs of the Company

THE BOARD OF DIRECTORS

The Directors who comprised the Board during the year ended 31 December 2025 and thereafter are set out below:

Name of Director	Date of appointment	Date of resignation / date of ceasing to be a Director	Office held during the year under review
Tan Hak Leh	15 July 2022	06 January 2025	Chairman of the Board and Non-Executive Director
Biswa Prakash Misra	06 January 2025	–	Chairman of the Board and Non-Executive Director
Chathuri Munaweera	26 April 2022	–	Executive Director
Stuart Anthony Spencer	03 August 2017	–	Non-Executive Director
Deepal Sooriyaarachchi	17 May 2005	–	Non-Executive Director
Drayton Sarath Palitha Wikramanayake	01 August 2016	31 July 2025	Independent Non-Executive Director
Indrajit Asela Wickramasinghe	07 January 2025	–	Independent Non-Executive Director
Deepthi Prasad Lokuarachchi	15 October 2025	–	Independent Non-Executive Director
Hiran Asoka Pieris	01 September 2025	–	Independent Non-Executive Director
Upul Wijesinghe	30 January 2023	–	Executive Director

The following changes occurred to the Board:

- Mr. Tan Hak Leh resigned from the Board as Chairman and Non-Executive Director effective 06 January 2025.
- Mr. Biswa Prakash Misra was appointed Chairman and Non-Executive Director effective 06 January 2025.
- Mr. Indrajit Asela Wickramasinghe was appointed to the Board as an Independent Non-Executive Director effective 07 January 2025.
- Mr. Drayton Sarath Palitha Wikramanayake retired from the Board after completing nine years tenure effective 31 July 2025.
- Mr. Hiran Asoka Pieris was appointed to the Board as an Independent Non-Executive Director effective 01 September 2025.
- Mr. Deepthi Prasad Lokuarachchi was appointed to the Board as an Independent Non-Executive Director effective 15 October 2025.

The Directors holding office as at the date of this Annual Report are listed on [pages 40 to 43](#). Brief profiles of each Director, including details of their qualifications, experience, and areas of expertise, are also provided on [pages 40 to 43](#) of this Annual Report.

Disclosures relating to Non-Executive Directors, including their status of independence, are set out on [pages 65 to 66](#).

DIRECTORS RETIRING BY ROTATION

Mr Biswa Prakash Misra and Mr. Deepal Sooriyaarachchi retire by rotation in terms of Article 25 (1) read with Article 25 (2) of the Articles of Association and being eligible are recommended by the Board for re-election by the Shareholders at the forthcoming Annual General Meeting subject to regulatory approvals. A brief profile of the retiring Directors are given on [pages 40 to 41](#) of the Annual Report.

FIT AND PROPER ASSESSMENT OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Company's fit and proper assessment of its Directors and the Chief Executive Officer is aligned with the criteria set out in Rule 9.7.3 of the Colombo Stock Exchange listing rules. This assessment encompasses, among other factors, honesty, integrity and reputation, competence and capability, and financial soundness.

In accordance with Rule 9.7.4 of the Colombo Stock Exchange Listing Rules, formal declarations were obtained from each Director and the Chief Executive Officer confirming that they have continuously satisfied the applicable Fit and Proper criteria throughout the financial year under review and as at date of confirmation.

Based on these declarations and assessment, the Board confirms that all Directors and the Chief Executive Officer satisfy the fit and proper requirements stipulated under the Rules of the Colombo Stock Exchange.

The Annual Report of the Board of Directors on the Affairs of the Company

BOARD SUBCOMMITTEES

Details of the Board Subcommittees, including their respective composition and terms of reference, are set out on [pages 83 to 90](#) of this Annual Report.

DIRECTORS' MEETINGS

Set out below is a summary of the number of meetings of the Board of Directors, including meetings of the Subcommittees held during the year under review, together with the attendance of each Director. Attendance has been disclosed with due regard to the period during which each such Director held office during the financial year under review.

Director	Directors' meetings		Audit & Compliance Committee		Investment Committee		Remuneration Committee		Related Party Transactions Review Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Tan Hak Leh (resigned from the Board as Chairman and Non-Executive Director effective 06 January 2025)	1	1	-	-	-	-	-	-	-	-	-	-
Biswa Prakash Misra (appointed to the Board as Chairman and Non-Executive Director effective 06 January 2025)	4	4	-	-	-	-	2	2	-	-	2	2
Chathuri Munaweera	5	5	5	5	4	4	-	-	4	4	-	-
Stuart Anthony Spencer	5	5	3	5	-	-	-	-	3	4	-	-
Deepal Sooriyaarachchi	5	5	5	5	-	-	2	2	4	4	2	2
Drayton Sarath Palitha Wikramanayake (resigned from the Board as an Independent Non-Executive Director effective 31 July 2025)	3	3	4	4	-	-	2	2	4	4	2	2
Indrajit Asela Wickramasinghe (appointed to the Board as an Independent Non-Executive Director effective 07 January 2025)	4	4	5	5	-	-	2	2	4	4	2	2
Hiran Asoka Pieris (appointed to the Board as an Independent Non-Executive Director effective 01 September 2025)	0	1	1	1	-	-	-	-	1	1	-	-
Deepthi Prasad Lokuarachchi (appointed to the Board as an Independent Non-Executive Director effective 01 September 2025)	1	1	1	1	-	-	-	-	1	1	-	-
Upul Wijesinghe	5	5	2	5	-	-	-	-	-	-	-	-
Sampath Thushara*	5	5	5	5	4	4	-	-	4	4	-	-
Samath Perera*	-	-	5	5	3	4	-	-	-	-	-	-
Hasitha Mapalagama*	-	-	5	5	4	4	-	-	4	4	-	-

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the period

* Not members of the Board.

In addition to the attendance at physical meetings, the Board attended to its responsibilities and made decisions on matters relating to the Company through duly recorded Written Resolutions passed by circulation during the year under review. The Nominations and Governance Committee and the Remuneration Committee similarly exercised their decision-making authority through duly recorded Written Resolutions passed by circulation during the year.

The Annual Report of the Board of Directors on the Affairs of the Company

RELATED PARTY TRANSACTIONS

Appropriate disclosures have been made in terms of the Sri Lanka Accounting Standards LKAS 24 – Related Party Disclosures, and are set out in Note 42 to the Financial Statements on [pages 152 to 155](#) of this Annual Report.

RISK-BASED CAPITAL REQUIREMENT (RBC)

The Company has adopted the RBC solvency regime for solvency purposes with effect from 01 January 2016, in accordance with the regulations issued by the Insurance Regulatory Commission of Sri Lanka.

GOING CONCERN

Based on due inquiry and after considering the financial position and future prospects of the Company and the Group, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue their operations for the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

SLFRS 17 (IFRS 17)

SLFRS 17 (IFRS 17) was issued as a replacement to SLFRS 4 (IFRS 4) in Insurance Contracts and introduced significant changes to the accounting and actuarial valuation methodologies applied across the insurance industry. In Sri Lanka the standard became effective for statutory reporting purposes from 01 January 2026.

The Company implemented IFRS 17 for Group reporting purposes in 2023, following extensive preparatory work to ensure readiness and alignment with the new requirements. This implementation was undertaken to support a smooth transition and to ensure consistency between local statutory reporting and group reporting requirements upon adoption.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

During the financial year 2025, the Company continued to uphold strong governance discipline and maintained full compliance with all applicable environmental laws and regulations. To the best knowledge of the Board, the Company did not engage in any activity that could be considered harmful or hazardous to the environment, employees, communities, or other ESG related stakeholders.

Throughout the year, the Company further strengthened its ESG framework by proactively monitoring developments in regulatory requirements, emerging industry practices, and global sustainability trends. Several initiatives were implemented to enhance environmental performance and reinforce employee wellbeing, safety, and engagement, in alignment with globally recognised ESG themes.

As part of its climate responsible operational agenda, the Company achieved ISO 14064 1:2018 Greenhouse Gas (GHG) Verification Certification for the third consecutive cycle, demonstrating its ongoing commitment to credible emissions accounting and transparent environmental reporting. The Company also continued to improve its rooftop model garden by expanding biodiversity through additional flowering species and environmentally beneficial plants, supporting both carbon sequestration awareness and sustainable urban greening.

To commemorate World Environment Day 2025, the Company conducted a comprehensive, organisation wide programme aligned with the global theme # BeatPlasticPollution. The programme featured a range of awareness activities, employee engagement sessions, and hands on restoration initiatives designed to promote environmental stewardship. The event also included interactive activities for employees' children, fostering environmental consciousness across generations.

In addition, the Company strengthened the implementation of 'AIA CAN', its ECO Office movement aligned with the AIA Group's ESG strategy. During 2025, the programme reinforced its focus on employee wellness, energy and water efficiency, eco friendly transportation options, and sustainable procurement practices. These initiatives further embedded sustainability into daily operational routines and advanced a culture of responsible resource use across the organisation.

The Board remains committed to ensuring that ESG principles continue to be integrated into strategic decision making and operational governance, supporting the Company's long-term sustainability objectives.

EQUITABLE TREATMENT TO STAKEHOLDERS

The Board has constantly endeavoured to ensure that the Company's operations are conducted in a manner that promotes fairness and equitable treatment for all stakeholders.

APPOINTMENT OF EXTERNAL AUDITORS

Deloitte Partners, Chartered Accountants, functioned as the statutory External Auditors of the Company for the year 2025. AIA Group initiated a comprehensive audit tender process in August 2024 for the Group with the objective of reinforcing audit quality and independence. After comprehensive evaluations the AIA Group announced its recommendation to appoint Messrs. KPMG as the External Auditor. In line with the AIA Group's recommendation the Board is recommending the appointment of Messrs. KPMG as the statutory External Auditor of the Company for the financial year 2026.

The Annual Report of the Board of Directors on the Affairs of the Company

EXTERNAL AUDITORS' REMUNERATION

The remuneration paid to the present External Auditors, Messrs Deloitte Partners, Chartered Accountants, in respect of audit and non-audit services provided during the year under review is set out below.

	Group	
	2025 LKR '000	2024 LKR '000
Audit and related services	8,535	7,692
Non-audit services	4,085	4,350

Messrs Deloitte Partners, Chartered Accountants, do not have any relationship with the Company or with its subsidiary other than in their capacity as the External Auditors of the Company and its subsidiary. The External Auditors also do not have any interests in the Company or its subsidiary.

ANNUAL REPORT

The information contained in this report has been prepared in compliance with the requirements of the Companies Act No. 07 of 2007 (as amended) and, to the extent applicable, the Regulation of Insurance Industry Act No. 43 of 2000 (as amended). In preparing this Report, due regard has also been given to recommended best-practice reporting guidelines.

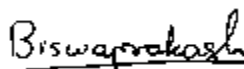
The Board of Directors approved the Annual Report and the Financial Statements of the Company and the Group, together with the reviews and other reports forming part of the Annual Report, as signed off by the External Auditors on 06 March 2026.

Copies of the Annual Report will be submitted to the Insurance Regulatory Commission of Sri Lanka, the Sri Lanka Accounting and Auditing Standards Monitoring Board, and the Registrar of Companies, within the applicable statutory time frames.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday, 30 March 2026 at 1.30 pm at AIA Insurance Lanka Limited, AIA Tower, 92, Dharmapala Mawatha, Colombo 07.

By order of the Board



Biswa Prakash Misra

Chairman / Director



Hiran Asoka Pieris

Director



Thusara Ranasinghe

Company Secretary

Colombo

27 February 2026

Corporate Governance

STATEMENT OF COMPLIANCE

The Board of Directors of AIA Insurance Lanka Limited remains committed to maintaining high standards of Corporate Governance to ensure integrity, accountability and transparency across all its business functions. The Company's philosophy on Corporate Governance is founded on these core principles and has guided the Company since its inception. The governance framework is supported by a comprehensive structure of internal policies, processes, and oversight mechanisms.

Accordingly, the Corporate Governance philosophy enables the Company to conduct its business effectively, ethically, and responsibly, while creating long-term and sustainable value for all its stakeholders.

Accordingly, the Corporate Governance philosophy enables the Company to conduct its business effectively, ethically, and responsibly, while creating long-term and sustainable value for all its stakeholders. The Corporate Governance Framework is periodically reviewed and updated to evolving regulatory requirements, global best practices, and stakeholder expectations, while maintaining its foundational principles. Additionally, ongoing supervision and monitoring is also carried out to ensure continued compliance by the Company with not only its legal and regulatory obligations, but also with the voluntarily adopted Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, and Section 09 of the Listing Rules issued by the Colombo Stock Exchange (CSE) to the extent applicable. Accordingly, the Company continues to demonstrate its commitment to the highest standards of corporate governance across all dimensions of its operations. The Corporate Governance Report provides disclosures beyond the minimum requirements specified under applicable laws and regulations.

The Company has established its Risk and Compliance functions in line with AIA Group standards and policies, which have strengthened governance practices and enhanced transparency across the organisation. Further information on risk management is set out on [pages 81 to 82](#) of this Annual Report.

The Company remains steadfast in embedding a strong Governance culture throughout the organisation, providing assurance to stakeholders of ethical conduct, professional management, and sound corporate oversight.

AIA INSURANCE LANKA LIMITED

CORPORATE GOVERNANCE AT AIA INSURANCE LANKA LIMITED

Corporate Governance at AIA Insurance Lanka Limited promotes transparency, accountability, impartiality, fairness, and responsibility in directing and controlling the Company in the best interests of its stakeholders. The Company firmly believes that effective corporate governance is fundamental to achieving long-term sustainable growth.

The governance structure of the Company is built on clearly defined roles, accountability and reporting lines across the Board of Directors, Board Subcommittees, Senior Management, and Management Committees. The Board and its Subcommittees are responsible for setting strategic direction, defining risk appetite, and exercising oversight, while Management Committees are responsible for executing strategy and delivering performance.

To support the effective implementation of the Corporate Governance practices, the Company operates robust mechanisms to identify, manage and mitigate conflicts of interest. Transactions involving Directors are subject to regular review to ensure that no relationships or circumstances arise that could impair independence. The Company complies with the requirements of the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Regulation of Insurance Industry Act No. 43 of 2000 (as amended), the Companies Act No. 07 of 2007, and the voluntarily adopted Code of Best Practice on Corporate Governance. These regulatory requirements form the cornerstone of the Company's commitment to financial stability, product integrity, and fair market conduct, and are embedded across all operational areas.

This report outlines the Company's status of compliance with the Corporate Governance Framework issued under Direction No. 02 of 2022 (revised) of the IRCSL, together with compliance with other applicable laws, regulations and internal governance requirements. It also provides an overview of the roles and responsibilities of the governance committees established to support effective Board oversight.

AIA Insurance Lanka Limited carries on the business of long term insurance as registered by the IRCSL. Rainbow Trust Management Limited, the fully owned subsidiary of the Company, engages in the trust management business and performance of the subsidiary is reviewed by the Company periodically.

The Company and its subsidiary were subject to various statutory and regulatory requirements in relation to governance and operations during the year under review.

Corporate Governance

The ensuing segment provides details of the primary statutes and policies applicable to the Company and its subsidiary. The primary statutes and policies applicable to the Company and its subsidiary are:

- The Companies Act No. 07 of 2007 (as amended)
- Regulation of Insurance Industry Act No. 43 of 2000 (as amended)
- Inland Revenue Act No. 24 of 2017 (as amended)
- Shop and Office Employees (Regulation of Employment and Remuneration) Act No. 15 of 1954 (as amended)
- Employees' Provident Fund Act No. 15 of 1958 (as amended)
- Employees' Trust Fund Act No. 46 of 1980 (as amended)
- Payment of Gratuity Act No. 12 of 1983 (as amended)
- Financial Transactions Reporting Act No. 06 of 2006
- Prevention of Money Laundering Act No. 05 of 2006 (as amended)
- Foreign Exchange Act No. 12 of 2017
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Trust Ordinance No. 09 of 1917 (as amended)
- Personal Data Protection Act No. 09 of 2022 (as amended)
- The Electronic Transactions Act No.19 of 2006
- Information and Communication Technology Act No. 27 of 2003
- Anti-Corruption Act No. 09 of 2023 (as amended)
- Central Bank of Sri Lanka Act No.16 of 2023
- Online Safety Act No. 09 of 2024

In addition to the above, the Company has many policies and standards adopted to support the corporate governance framework and some of them are:

- Policy on matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election of Directors
- Policy on Remuneration
- Policy on Internal Code of Business Conduct and Ethics for all Directors and employees
- Policy on Risk Management and Internal Controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments

- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

Various other laws that govern the companies in Sri Lanka require that the Company and its subsidiary comply with the following Rules, Regulations, Directions and Guidelines:

- Circulars issued by the IRCSL
- Directions and Determinations issued by the IRCSL
- Guidelines issued by the IRCSL
- Section 09 of the Listing Rules of the CSE on Corporate Governance as mandated by the Direction No. 02 of 2022 of the IRCSL

STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE FRAMEWORK ISSUED UNDER DIRECTION NO. 02 OF 2022 (REVISED)

The IRCSL issued Direction No. 02 of 2022 (Revised) dated 25 February 2022 setting out the Corporate Governance Framework for the insurers with the objective of enhancing governance standards in the conduct of insurance business.

The following section summarises the extent of the Company's compliance with the framework stipulated under the said Direction, as applicable to the financial year ended 31 December 2025.

Section	Status of Compliance
Section A	Partially complied
Section B.1	Complied
Section B.2	Complied
Section B.2 (I) & (II)	Complied
Section B.3 (I)	Complied
Section B.3 (II)	Not applicable
Section B.4	Complied
Section B.5	Complied
Section B.6	Complied
Section B.7	Not applicable
Section B.8 (a)	Complied
Section B.8 (b)	Complied

Total number of requirements	12
Not applicable	2
Fully complied	9
Partially complied	1
Not complied	Nil

Corporate Governance

Set out below is the detailed status of compliance of the Company with the Corporate Governance Framework issued under IRCSL's Direction No. 02 of 2022 (Revised).

	Principle/Requirement	Commentary	Status of Compliance
A	Insurers are recommended to adhere to the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka (the Code).	In line with the Company's endeavours to adopt high standards of governance as a non-listed subsidiary of AIA Group, the Board has voluntarily adopted the Code of Best Practice on Corporate Governance to the extent practicable. The Company substantially complies with the principles and intent of the Code, notwithstanding certain provisions that are not strictly applicable to a non-listed insurer.	Partially complied
B.1	The Board of an insurer must be comprised of a minimum of two Directors who are citizens of Sri Lanka and also residents of Sri Lanka.	The Board comprise Six (06) Directors who are residents and citizens of Sri Lanka, namely Ms. Chathuri Munaweera, Mr. Deepal Sooriyaarachchi, Mr. Indrajit Asela Wickramasinghe, Mr. Hiran Asoka Pieris, Mr. Upul Wijesinghe and Mr. Deepthi Lokuarachchi. Each of these Directors satisfied the 'fit and proper criteria' stipulated under the Regulation of Insurance Industry Act. No. 43 of 2000 (as amended).	Complied
B.2	The total period of service of a Director of an insurer, other than an Executive Director, shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such Director.	The Chairman Mr. Biswa Prakash Misra, the Directors Mr. Stuart Anthony Spencer, Mr. Indrajit Wickramasinghe, Mr. Hiran Asoka Pieris and Mr. Deepthi Lokuarachchi have each served on the Board for periods less than nine (09) years. The position of Mr. Deepal Sooriyaarachchi is explained in light of the Principle B.2(1) in the following section.	Complied
B.2 (1)	Notwithstanding above, the nine year rule shall not be applicable to the following Director / Director category: (i) Major Shareholder Director – A Director representing a major corporate shareholder and/or Corporate groups with majority shareholding i.e. more than 50.0 per cent shares of the insurer directly or an individual shareholder director holding more than 50.0 per cent could hold the directorship of the insurer for more than nine years and upon reaching 75 years he/she could nominate his/her representation to the Board. (ii) Technical Director – A Director be allowed to remain in office till the age of 75 years, provided such person is an Associate of the Chartered Insurance Institute and having 10 years' experience in an Insurance Company at Senior Managerial level.	Mr. Deepal Sooriyaarachchi serves as the Majority Shareholder Director, representing the Company's Majority Shareholder. Accordingly, the exemption provided under Section B.2(1)(i) of the Direction applies to his appointment, and his tenure is not subject to the nine-year limitation.	Complied
B.3 (i)	The age of a person who serves as Director shall not exceed 75 years.	No Director aged over 75 years served on the Board during the year under consideration.	Complied

Corporate Governance

Principle/Requirement	Commentary	Status of Compliance
B.3 (ii) Notwithstanding above, a person who serves as a Director and is over 75 years of age as at 01 July 2019, such Director may continue to serve as a Director only until 30 June 2022, and shall be deemed to have vacated office on 30 June 2022.	The said provision was not applicable for the Company.	Not applicable
B.4 The Board of an insurer must adhere to Section 7.10 of the Listing Rules of the CSE (or any amendments made thereto) pertaining to Corporate Governance.	The Company complies with the requirements of section 09 of the Listing Rules of the Colombo Stock Exchange that relates to Corporate Governance to the extent applicable to a non-listed insurer. A detailed commentary on such compliance is provided on pages 57 to 80 of this Annual Report.	Complied
B.5 A person shall not hold office as a Director of more than 20 Companies/Entities inclusive of subsidiaries or associate Companies of the insurer.	None of the Directors of the Company held Directorships exceeding the maximum number permitted under this requirement during the year under review.	Complied
B.6 The insurers are required to demonstrate compliance with Direction No. 02 of 2022 (Revised) by way of disclosure in their Annual Reports, including the disclosure requirements stated in Section 7.10 of the Listing Rules of the CSE or any amendments made thereto.	Comprehensive disclosure on the Company's compliance with IRCSL's Direction No. 02 of 2022 (Revised) including the applicable disclosure requirements of the Listing Rules of the Colombo Stock Exchange is provided on pages 57 to 80 of this Annual Report.	Complied
B.7 The insurers shall rectify its non compliance in respect of items B1 to 6 referred to in the Direction No. 02 of 2022 (Revised) within three months from the date of non compliance of same and inform the IRCSL immediately after three months. Enforcement action will be taken thereafter against insurers in terms of Circular #41 of the IRCSL, for non compliance.	The Company was compliant with the requirements specified B.7 during the year under review.	Not applicable
B.8. (a) The insurer should provide a certification from the Company Secretary to the IRCSL, that the continuation of the relevant Director/s beyond the age of 70 years, has been duly approved by passing a resolution at a general meeting in terms of Section 211 of Companies Act No. 07 of 2007. In respect of each further year on account of which an extension is sought, up to the maximum age of 75 years, a fresh resolution, as above, shall be duly passed and a certification to that effect from the Company Secretary shall be submitted to the IRCSL.	Mr. Sarath Wikramanayake attained the age of seventy (70) years on 15 November 2024 and was re-appointed to the Board in terms of Section 211 of the Companies Act at the Annual General Meeting held on 07 April 2025. Mr. Wikramanayake subsequently retired from the Board after completing his nine year tenure in line with Section B.2.	Complied
8. (b) The insurer shall also provide a written confirmation from the Company Secretary to the IRCSL, that the continuation of a Director, beyond the age of 70 years, is not prohibited by the Articles of Association of the relevant insurer and that such insurer complies with provisions of the Companies Act.	The Articles of Association of the Company do not prohibit a Director from continuing in office upon attaining the age of 70 years. The required certification from the Company Secretary was duly submitted to the IRCSL following the Annual General Meeting held on 07 April 2025.	Complied

Corporate Governance

STATUS OF COMPLIANCE WITH RULE 09 OF THE LISTING RULES OF THE CSE

The Company is compliant with the applicable requirements of Rule 09 of the Listing Rules on Corporate Governance (Status of compliance with Direction No. 02 of 2022 (Revised)).

Rule	Commentary	Status of Compliance	
9. Compliance			
9.2.1	Entity shall establish the mandatory policies and disclose that such policies are in existence and published in the Company's website.	The Company has established the mandatory policies required under Rule 9.2.1. These policies are disclosed on page 58 of this Annual Report.	Complied
9.2.2	Any waivers from compliance with Internal Code of Business Conduct and Ethics or exemptions granted by the Entity shall be fully disclosed in the Annual Report.	No waivers or exemptions from the Internal Code of Business Conduct and Ethics were granted during the year under review.	Complied
9.2.3 (i)	Entity must disclose in its Annual Report. The list of policies that are in conformity with to Rule 9.2.1 above, with reference to its website.	Please refer page 58 of this Annual Report.	
(ii)	Details pertaining to any changes to policies adopted by the entity in compliance with Rule 9.2 above.	No changes were made to the policies referred to under Rule 9.2 during the year under review.	Complied
9.2.4	Entity must make available all such policies to shareholders upon a written request made by the shareholders.	The Company will make such policies available to shareholders upon receipt of a written request.	Complied
9.3 Board Committees			
9.3.1	Entity shall ensure the following Board Committees are established and maintained at a minimum and are functioning effectively;		
(a)	Nominations and Governance Committee	The Company has established the required Board Committees. The Audit and Compliance Committee functions as the Audit Committee.	Complied
(b)	Remuneration Committee		
(c)	Audit and Compliance Committee		
(d)	Related Party Transactions Review Committee		
9.3.2	Entity shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in these Rules.	The Board Committees comply with the composition, responsibilities, and disclosure requirements stipulated under these Rules.	Complied
9.3.3	The Chairperson of the Board of Directors of the Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	The Chairman of the Board does not chair any of the Board Committees.	Complied

Corporate Governance

Rule	Commentary	Status of Compliance
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1	Entity shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity.	
(a)	The number of shares in respect of which proxy appointments have been validly made	The Company maintains comprehensive records of resolutions and voting details at General Meetings in accordance with the requirements of this Rule. Complied
(b)	The number of votes in favour of the resolution	
(c)	The number of votes against the resolution	
(d)	The number of shares in respect of which the vote was directed to be abstained	
9.4.2	Communication and relations with shareholders and investors	
(a)	Entity shall have a policy on effective communication and relations with shareholders and investors and disclose existence of the same in the Annual Report and entity's website.	The Company has only two shareholders and, shareholder communications are managed directly and effectively. Complied
(b)	Entity should disclose the contact person for such communication.	
(c)	The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders which should be in the entity's website and Annual Report.	
(d)	If the entity intends to conduct any shareholder meetings through hybrid or virtual and it should comply with the guidelines issued by the exchange.	The Company conducts General Meetings through physical, hybrid, or virtual formats in accordance with applicable guidelines. Complied
9.5	Policy on matters relating to the Board of Directors	
9.5.1	Entity shall establish and maintain a formal policy governing matters relating to the Board of Directors. It shall cover below;	The Company has established and maintains a formal Policy on Matters Relating to the Board of Directors. Complied
(a)	Balance representation of both Executive and Non-Executive Directors and cover at minimum Board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position, Board balance and procedures for the appraisal of Board performance and the CEO.	The Policy addresses all matters stipulated under this Rule, including Board composition, roles and responsibilities, meeting frequency, and performance evaluation. Complied
(b)	Requirements when entity decides to combine the role of both Chairperson and CEO.	The positions of the Chairperson and Chief Executive Officer are segregated. Complied
(c)	Require diversity in Board composition for Board effectiveness in terms of, experience, skills, competencies, age, gender, industry requirements and importance of objective selection of Directors.	The required areas are covered in the Policy. Complied

Corporate Governance

Rule	Commentary	Status of Compliance	
(d)	Stipulate maximum number of Directors with the rationale for the same.	The Company adheres to the maximum number of Directors on the Board stipulated in these rules.	Complied
(e)	Specify the frequency of meeting	Board Meetings are held every quarter at a minimum.	Complied
(f)	Mechanism to ensure that Directors are kept informed of the listing rules and on going compliance and non-compliance by the entity.	Directors are kept updated regularly.	Complied
(g)	Specify the minimum number of meetings, percentage that a Director must attend to ensure consistency of attendance and avoid being deemed to vacate such position.	The Directors are expected to attend all Board meetings and the minimum attendance at the meetings is detailed in the policy.	Complied
(h)	Provide requirements relating to the trading in securities of the entity and its listed group companies and disclose of such requirement.	As the Company is not listed, this requirement is not applicable.	Not applicable
(i)	Specify the maximum number of Directorships held by Directors.	The said requirement is addressed in the Corporate Governance Framework specified by the Insurance Regulatory Commission of Sri Lanka.	Complied
(j)	Recognise right to participate at Board/Board Subcommittee meetings via audio visual technologies and such participation is taken to account to decide the quorum.	The Board/Board Subcommittee meetings are held as physical or using audio visual technologies. Participation via audio visual technology is taken to account to decide the quorum.	Complied
9.5.2	Entity shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance.	The Company confirms compliance with the Policy on Matters Relating to the Board, as disclosed in this Annual Report.	Complied
9.6	Chairperson and CEO		
9.6.1	The Chairperson of the entity shall be a Non-Executive Director. The position of the Chairperson and CEO shall not be held by the same individual.	The Chairperson of the Company is a Non-Executive Director. The roles of Chairperson and CEO are held by separate individuals.	Complied
9.6.2	When the Chairperson of the entity is an Executive Director and/or the position of Chairperson/CEO held by the same individual, the entity must make an Immediate Market Announcement.	The positions of Chairperson and Chief Executive Officer are not combined.	Not applicable
9.6.3	Requirement for a SID (Senior Independent Director).	As the Company is not listed, the requirement to appoint a Senior Independent Director does not apply.	Not applicable
9.7	Fitness of Directors and CEO		
9.7.1	Entity shall take necessary steps to ensure that Directors and the CEO are at all times fit and proper persons as required in terms of these Rules.	The Company has ensured that all Directors and the Chief Executive Officer satisfied the fit and proper criteria prescribed by the Insurance Regulatory Commission of Sri Lanka throughout the year under review.	Complied
9.7.2	Entity shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these rules before such nominations are placed before the shareholders' meeting or appointments are made.	The Nominations and Governance Committee conducted fit and proper assessments prior to recommending appointments to the Board.	Complied
9.7.3	Fit and Proper Assessment Criteria.	The Company adhered to the Fit and Proper Assessment Criteria stipulated in these Rules.	Complied

Corporate Governance

Rule	Commentary	Status of Compliance	
9.7.4	Entity shall obtain declarations from their Directors and CEO on an annual basis that each of them have satisfied Fit and Proper Criteria Assessment.	Annual declarations confirming continued compliance with the fit and proper criteria were obtained from all Directors and the Chief Executive Officer.	Complied
9.7.5	Disclosures in the Annual Report		
9.7.5 (a)	Entity shall include the following disclosures; A statement that the Directors and CEO of the entity satisfy the Fit and Proper Assessment Criteria stipulated in the CSE rules.	Please refer page 53 of this Annual Report.	Complied
9.7.5 (b)	Any non-compliance by a Director or the CEO and any remedial actions taken to rectify such non-compliance on the Fit and Proper Assessment Criteria.	No instances of non-compliance arose during the year under review.	Not applicable
9.8	Board Composition		
9.8.1	Minimum Board of Directors consist of five (05) Directors.	The Board comprised more than the minimum required number of Directors during the year under review.	Complied
9.8.2	Minimum number of Independent Directors		
9.8.2 (a)	Entity shall include at least two (02) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors	As at 31 December 2025, the Company had the required number of Independent Directors.	Complied
9.8.2 (b)	Any change to the ratio shall be rectified within ninety (90) days.	No changes to the ratio of Independent Directors that require rectification occurred during the year under review.	Complied
9.8.3	Criteria for determining independence		
	Criteria to decide the independence of a Director.	As of 31 December 2025, all the Independent Directors satisfied required criteria.	Complied
9.8.4	Definitions applicable for Rule 9.8.3.	The definitions specified in Rule 9.8.3 were considered when assessing Director independence.	Complied
9.8.5	The Board of Directors of the Entity shall require;		
(a)	Each Independent Director to submit a signed dated declaration annually of his/her independence or non-independence using the specified criteria and format in Appendix 9A.	Independent Directors submitted the required declarations of independence for the year ended 31 December 2025.	Complied
(b)	Annually determination as to the 'independence' or 'non independence' of each Independent Director based on the Directors declaration and other information available to it and shall set out the names of Directors determined to be independent in the Annual Report.	Based on declarations and other relevant information, the Board determined the independence of the Independent Directors.	Complied
(c)	If the Board finds that the independence of an Independent Director is impaired against any criteria set out in Rule 9.8.3 immediate disclosure to be made.	This requirement did not arise.	Not applicable
9.9	Alternate Directors		
		The Company did not have any Alternate Directors during the year under review.	Not applicable

Corporate Governance

Rule	Commentary	Status of Compliance	
9.10	Disclosures Relating to Directors		
9.10.1	Entity shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event number is exceeded by a Director(s), the entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	The policy governing the maximum number of Directorships permitted to be held by Directors is disclosed in this Annual Report. No Director exceeded the stipulated limit during the year under review.	Complied
9.10.2	Entity shall upon the appointment of a new Director to its Board, make an Immediate Market Announcement setting out the following:	As the Company is not listed, this requirement does not apply.	Not applicable
(i)	A brief resume of such Director		
(ii)	His/Her capacity if directorship		
(iii)	Statement by the entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the entity		
9.10.3	Entity shall make an Immediate Market Announcement regarding any changes to the composition of the	As the Company is not listed, this requirement does not apply.	Not applicable
(i)	Board of Directors		
(ii)	Board Committees referred to in Rule 9.3 above.		
9.10.4	Entities shall also disclose the following in relation to the Directors in the Annual Report:		
(a)	Name, qualifications and brief profile;		
(b)	The nature of his/her expertise in relevant functional areas;	Please refer pages 40 to 43 of this Annual Report.	Complied
(c)	Whether either the Director or Close Family Members has any material business relationships with other Directors of the entity;	Declarations were obtained from Directors to confirm compliance with this requirement.	Complied
(d)	Whether Executive, Non-Executive and/or Independent Director;	Please refer pages 40 to 43 of this Annual Report.	Complied
(e)	The total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds directorships in such companies;	The total number of Directorships held by each Director is disclosed in this Annual Report.	Complied
(f)	Number of board meetings of the entity attended during the year;	Please refer page 54 of this Annual Report.	Complied
(g)	Names of Board Committees in which the Director serves as a Chairperson or a member;	Please refer pages 83 to 90 of this Annual Report.	Complied

Corporate Governance

Rule		Commentary	Status of Compliance
(h)	Details of attendance of committee meetings of the Audit, Related Party Transactions Review, Nominations and Governance, and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member;	Please refer page 54 of this Annual Report.	Complied
(i)	The terms of reference and powers of the SID (where applicable).	The Company does not have a Senior Independent Director.	Not applicable
9.11	Nominations and Governance Committee		
9.11.1	Entity shall have a Nominations and Governance Committee.	The Company has established a Nominations and Governance Committee.	Complied
9.11.2	Entity shall establish and maintain a formal procedure for the appointment of new Directors and re-election through Nominations and Governance Committee.	A formal procedure for the appointment and re-election of Directors is in place and administered through the Nominations and Governance Committee.	Complied
9.11.3	The Nominations and Governance Committee shall have a written Terms of Reference (TOR) clearly defining its scope, authority, duties and quorum.	The Committee operates under a written TOR.	Complied
9.11.4	Composition		
9.11.4 (1) (a)	The members of the Nominations and Governance Committee shall comprise of a minimum of three (03) Directors out of which minimum of two (02) members shall be Independent Directors.	The Committee composition complied with the requirements during the year under review.	Complied
(1) (b)	Not comprise of Executive Directors.	The Committee did not have any Executive Director as a member.	Complied
(2)	An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.	An Independent Director held the position of the Chairperson of the Committee.	Complied
(3)	The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report.	Please refer page 88 of this Annual Report.	Complied
9.11.5	Functions of the Nominations and Governance Committee.	Please refer page 88 of this Annual Report.	Complied
9.11.6	Disclosures in the Annual Report.	The required disclosures are included in this Annual Report.	Complied
9.12	Remuneration Committee		
9.12.1	Term 'Remuneration' shall make reference to cash and all non-cash benefits whatsoever received.	The term 'Remuneration' includes cash and all non-cash benefits received by Directors and Key Management Personnel.	Complied
9.12.2	Entity shall have a Remuneration Committee.	The Company has established a Remuneration Committee.	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors remuneration and for fixing the remuneration packages for individual Directors.	The Remuneration Committee has established and maintains a formal and transparent procedure for developing remuneration policies and determining remuneration packages for Executive Directors and the Chief Executive Officer.	Complied

Corporate Governance

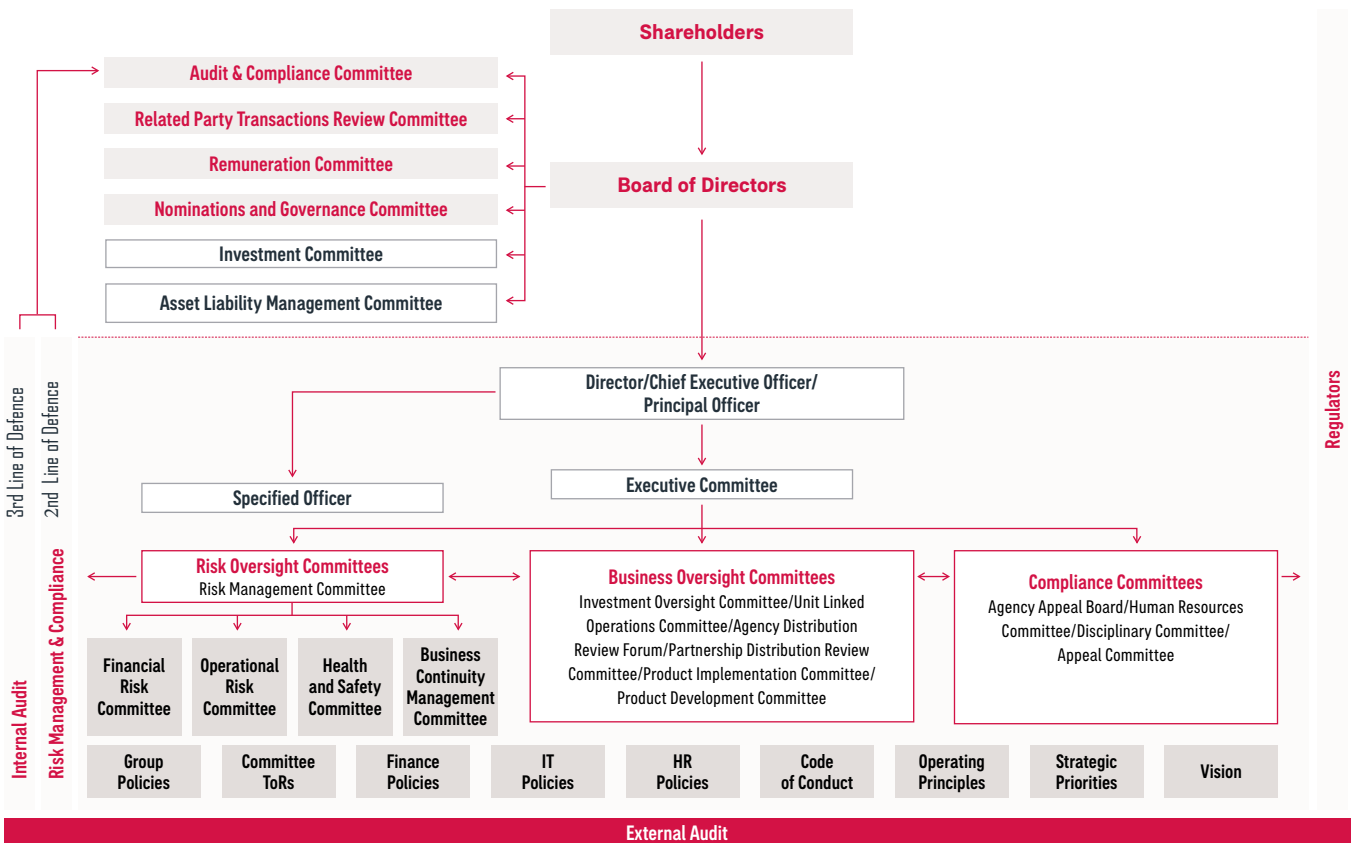
Rule	Commentary	Status of Compliance	
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts a non – discriminatory pay practices among them to ensure that their independence is not impaired.	Remuneration for Non-Executive Directors is determined in a manner that ensures non-discriminatory pay practices and safeguards Director independence.	Complied
9.12.5	Remuneration Committee shall have a written Terms of Reference clearly defining its scope, authority, duties and quorum of meetings.	The Remuneration Committee operates under a written Terms of Reference defining its scope, authority, duties, and quorum.	Complied
9.12.6	Composition		
9.12.6. (1) (a)	The Remuneration Committee shall comprise of a minimum of three (03) Directors, out of which a minimum of two (02) members shall be Independent Directors.	The composition of the Remuneration Committee complied with the requirements of these Rules during the year under review.	Complied
(1) (b)	Not comprise of Executive Directors.	The Committee did not have any Executive Director as a member.	Complied
9.12.6 (2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	An Independent Director held the position of the Chairperson of the Committee.	Complied
9.12.7	Functions		
9.12.7 (1)	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO and/or equivalent position to the Board which will make the final determination upon consideration of such recommendations.	Please refer page 85 of this Annual Report.	Complied
9.12.7 (2)	Committee may seek advice from external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to the Directors and CEO.	The Remuneration Committee seek advice from the external consultants as and when required.	Complied
9.12.8	Disclosure in the Annual Report.	The required information are disclosed in page 85 and 52 of this Annual Report.	Complied
9.13	Audit and Compliance Committee		
9.13.1	When the entity does not maintain separate committees to perform the audit and risk functions, the Audit Committee shall additionally perform the risk functions.	The Audit Committee of the Company functions as the Audit and Compliance Committee and performs risk oversight functions in addition to audit responsibilities.	Complied
9.13.2	The Audit Committee shall have a written Terms of Reference clearly defining its scope, authority and duties.	The Audit and Compliance Committee operate under a written Terms of Reference defining its scope, authority, and duties.	Complied
9.13.3	Composition		
9.13.3. (1)	The Audit Committee shall		
(a)	Comprise of a minimum of three (03) Directors, out of which a minimum of two (02) or majority of members, whichever higher shall be Independent Directors.	The composition of the Audit and Compliance Committee complied with the requirements of these Rules during the year under review.	Complied
(b)	Not comprise of Executive Directors of the entity.	The Committee did not have any Executive Director as a member.	Complied

Corporate Governance

Rule		Commentary	Status of Compliance
(2)	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Non-Executive Directors.	The quorum requirements for meetings of the Audit and Compliance Committee are specified in its Terms of Reference.	Complied
(3)	The Audit Committee meets compulsorily on a quarterly basis prior to recommending the financials to be released.	The Audit and Compliance Committee met on a quarterly basis prior to recommending Financial Statements for Board approval.	Complied
(4)	An Independent Director shall be appointed as the Chairperson of the Audit Committee.	An Independent Non-Executive Director served as the Chairperson of the Audit and Compliance Committee during the year under review.	Complied
(5)	The CEO and the CFO shall attend the Audit Committee meeting by invitation. When the entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee by invitation.	The Chief Executive Officer and Chief Financial Officer attend meetings of the Audit and Compliance Committee by invitation.	Complied
(6)	The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	The Chairperson of the Audit and Compliance Committee is a member of a recognised professional accounting body.	Complied
9.13.4	Functions.	Please refer page 83 of this Annual Report.	Complied
9.13.5	Disclosures in the Annual Report.	The required disclosures relating to the Audit and Compliance Committee are included in this Annual Report.	Complied
9.14	Related Party Transactions Review Committee		
9.14.1	Entity shall have a Related Party Transactions Review Committee.	The Company has established a Related Party Transactions Review Committee.	Complied
9.14.2 (1)	The Committee shall comprise of a minimum of three (03) Directors out of which Two (02) members shall be Independent Directors. It may also include Executive Directors at the option of the entity.	The composition of the Related Party Transactions Review Committee complied with the requirements of these Rules.	Complied
9.14.3	Functions.	Please refer pages 86 to 87 of this Annual Report for details of the functions of the Related Party Transactions Review Committee.	Complied
9.14.4	General requirements.	The general requirements applicable to the Committee are set out in its Terms of Reference, which are aligned with the Listing Rules of the Colombo Stock Exchange.	Complied
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee.	All related party transactions were reviewed by the Related Party Transactions Review Committee in accordance with the approved policy and applicable regulatory requirements.	Complied

Corporate Governance

Rule	Commentary	Status of Compliance
9.14.6	Shareholder approval. Entity shall obtain shareholder approval by way of a special resolution for the specified transactions.	Complied Where required, shareholder approval was obtained in accordance with the Listing Rules of the Colombo Stock Exchange and applicable laws.
9.14.7	Immediate disclosures.	Not applicable As the Company is not listed, this requirement does not apply.
9.14.8	Disclosures in the Annual Report.	Complied Disclosures relating to related party transactions are included in this Annual Report.
9.14.9	Acquisitions and disposals of assets from/to related parties.	Complied Details of acquisitions and disposals of assets with related parties, where applicable, are disclosed in the Financial Statements.
9.14.10	Exempted Related Party Transactions.	Complied Exempted related party transactions, if any, have been disclosed in accordance with applicable regulatory requirements.



Corporate Governance

THE BOARD OF DIRECTORS

The Company's commitment to maintaining the highest standards of Corporate Governance is driven by the Board of Directors, which provides leadership, direction, and oversight of the Company.

The Board is collectively responsible for providing entrepreneurial leadership, setting the strategic direction of the Company, approving policies, defining risk appetite, and ensuring that the Company operates in prudent, ethical, and sustainable manner. The Board is also responsible to the shareholders for creation and delivery of long-term shareholder value through the effective management of the Company's business activities.

Following changes occurred to the Board of the Company.

The Chairman Mr. Tan Hak Leh (Non-Executive Director), resigned from the Board on 06 January 2025. Mr. Biswa Prakash Misra was appointed as the Chairman (Non-Executive Director) to the Board on 06 January 2025. He was also appointed as a member to both the Nominations and Governance Committee and the Remuneration Committee.

Mr. Indrajit Asela Wickramasinghe (Independent Non-Executive Director) was appointed to the Board on 07 January 2025. He was also appointed as a member to the Audit and Compliance Committee, Related Party Transactions Review Committee and as the Chairman of the Remuneration Committee and the Nominations and Governance Committee.

Mr. Sarath Wikramanayake retired from the Board and Board Subcommittees effective 31 July 2025 after completing nine years on the Board.

Mr. Hiran Asoka Pieris was appointed to the Board as an Independent Non-Executive Director effective from 01 September 2025. He was also appointed as the Chairman of the Audit & Compliance Committee and a member of the Related Party Transactions Review Committee as well as the Nominations and Governance Committee.

Mr. Deepthi Prasad Lokuarachchi was also appointed to the Board effective from 15 October 2025 as an Independent Non-Executive Director. He was also appointed as a member of the Audit and Compliance Committee, Remuneration Committee, Related Party Transactions Review Committee and the Nominations and Governance Committee.

The Board currently comprises of eight members including two Executive Directors and the members bring in a multifaceted expertise to lead the strategic direction of the Company.

Each Director is required to act in good faith, with due care and diligence, and in the best interest of the Company, while exercising independent judgment on matters brought before the Board. The Board recognises the importance of maintaining an appropriate balance of skills, experience, independence, and knowledge to effectively discharge its responsibilities.

The Board is led by the Chairman, who assumes overall responsibility for the leadership of the Board, the effectiveness of governance processes, and the facilitation of open and constructive dialogue among Directors. The roles of the Chairman and the Chief Executive Officer are clearly separated to ensure an appropriate balance of authority, accountability, and independent decision making.

To support the effective discharge of its responsibilities, the Board has delegated specific oversight functions to Board Subcommittees, including the Audit and Compliance Committee, Remuneration Committee, Related Party Transactions Review Committee, and the Nominations and Governance Committee, each operating under clearly defined Terms of Reference approved by the Board. These Committees report regularly to the Board on matters within their respective mandates, together with recommendations where required.

The Board retains overall responsibility for matters delegated to the Board Subcommittees and ensures that appropriate reporting mechanisms are in place to enable informed decision making. The Board and Senior Management maintain a clear understanding of their respective roles, delegated authorities, and accountability boundaries, in line with the Company's Articles of Association, Board Terms of Reference, and applicable laws and regulations.

The Board meets regularly to consider strategic, operational, financial, and governance matters, and is provided with timely, accurate, and relevant information to enable effective oversight and decision making. Where necessary, the Board also exercises its authority through duly recorded Written Resolutions passed by circulation, in accordance with applicable legal and regulatory requirements.

Information relating to the composition of the Board, profiles of Directors, Board Subcommittees, and attendance at meetings is set out in the relevant sections of this Annual Report.

THE CHIEF EXECUTIVE OFFICER (CEO)

The CEO heads the Executive Committee of the Company and provides leadership and expertise in the collective decision-making process relating to the overall management and day-to-day operations of the Company, the implementation of the Board-approved strategic plans, and the achievement of strategic objectives in fulfilment of the Board's mandate within the authority limits delegated by the Board, while furthering sound corporate governance practices.

The Articles of Association of the Company and the Board Terms of Reference recognise the role and position of the Chief Executive Officer, together with the duties, responsibilities and obligations, attached to such role.

Corporate Governance

THE EXECUTIVE COMMITTEE

The Executive Committee reports to the CEO and discharges the management and governance responsibilities of the Company within the authority delegated by the CEO. The CEO heads the Executive Committee and provides leadership and direction in the implementation of approved plans and the achievement of strategic objectives.

The Chief Executive Officer leads the collective decision-making process of the Executive Committee in relation to the day-to-day management and operations of the Company ensuring that business activities are conducted within the governance framework, policies, and strategic objectives defined by the Board.

The Executive Committee functions within its Terms of Reference in collectively and individually supporting the CEO in operational, business and strategic decisions and the execution of the Company Strategic Plan.

MEMBERS OF THE EXECUTIVE COMMITTEE ARE;

- Executive Director / Chief Executive Officer / Principal Officer
- Deputy Chief Executive Officer / Chief Distribution Officer / Executive Director
- Director Human Resources / Chief Human Resources Officer
- Chief Financial Officer
- Director Agency / Chief Agency Officer
- Director Partnership Distribution / Chief Partnership Distribution Officer
- Director Operations / Specified Officer
- Chief Risk and Compliance Officer
- Chief Marketing Officer
- Chief Legal Officer

RISK MANAGEMENT AND COMPLIANCE

The Chief Risk and Compliance Officer is responsible for the Risk and Compliance functions, with a matrix reporting line to the Audit and Compliance Committee, the Regional Chief Risk Officer, and the Chief Executive Officer. By establishing the Risk function as the second line of defence and implementing the Risk Management Framework, the Company has adopted a structured and prudent approach to identifying, assessing, and managing the risks, thereby providing assurance to stakeholders. A comprehensive overview of the Company's risk management framework is set out on [pages 81 to 82](#) of this Annual Report.

The Compliance function established by the Company is responsible for promoting and embedding a culture of compliance across the organisation. The role of the Chief Compliance Officer (CCO) is clearly defined within the overall compliance structure, recognising the statutory and regulatory requirements arising from the insurance regulations and the Financial Intelligence Unit (FIU) established under the Central Bank of Sri Lanka.

In alignment with global best practices, the Company has implemented the recommendations of the Financial Action Task Force (FATF) to strengthen its anti-money laundering and counter-terrorist financing frameworks, under the leadership of the Compliance function. Policies and procedures are regularly reviewed and enhanced to ensure continued alignment with evolving FATF standards, further reinforcing the Company's commitment to robust, transparent, and responsible financial practices.

In addition, the Compliance function provides second-line oversight across key areas including sales compliance, investment compliance, regulatory compliance, record management, data privacy, as well as anti-fraud, anti-corruption, and whistleblowing programmes.

Collectively, the Risk and Compliance frameworks support the Board of Directors, the Chief Executive Officer, and the Executive Committee in maintaining an effective and resilient corporate governance framework. The Company complies with applicable statutory and regulatory requirements, rules and guidelines, and conduct its business operations in the best interests of all stakeholders.

Corporate Governance

GOVERNANCE COMMITTEES

Information on the other governance committees is provided in the table below.

Committee	Responsibility	Membership	TOR/Charter
1. Risk Management Committee (Financial Risk Committee and Operational Risk Committee function within the mandate of the Risk Management Committee)	<p>Responsible for overseeing the aggregate financial risk exposure of the business and for managing the optimisation of capital and the risk profile of the business.</p> <p>Responsible for reviewing, monitoring and providing oversight to the key operational risks of the business.</p> <p>Key forum for the identification and escalation of current and emerging key operational risks of the business.</p>	<p>Director / Chief Executive Officer / Principal Officer (Chair)</p> <p>Members of the Executive Committee</p> <p>Internal Audit</p>	✓
2. Health and Safety Committee	Responsible for providing oversight to physical safety and security within the scope of the Company's business operations and carrying out activities to ensure that relevant risks are identified, measured, monitored and managed.	<p>Director / Chief Executive Officer / Principal Officer (Chair)</p> <p>Members of the Executive Committee</p> <p>Head of Facilities</p> <p>Nominated members of the management</p>	✓
3. Business Continuity Management Committee	Responsible for ensuring the Business Continuity Management programme of the business is complete and effective. The Committee monitors risks pertaining to business continuity and identify/recommend procedure and controls for mitigating the risks.	<p>Director / Chief Executive Officer / Principal Officer (Chair)</p> <p>Members of the Executive Committee</p> <p>Business Continuity Manager</p>	✓
4. Investment Oversight Committee	Responsible for reviewing, monitoring and providing oversight to the investment portfolios, especially on investment strategy, investment exposures and investment performance.	<p>Chief Investment Officer (Chair)</p> <p>Nominated members of management and functional experts representing Investments, Finance, Actuarial, Risk and Compliance based on the scope of the Committee.</p> <p>Invitees – representatives from NDB Wealth Management Ltd (External Fund Manager)</p>	✓

Corporate Governance

Committee	Responsibility	Membership	TOR/Charter
5. Product Development Committee (PDC)	<p>Agree and update the Company's Product Calendar for the year, prioritise and rationalise product development work to support business plans.</p> <p>Filter product proposals at each key stage of development (e.g. research, design, pricing, launch) to ensure focus on those products which are aligned with the objectives of the Committee.</p> <p>Track the performance of recently launched products for a minimum period of 12 months post-launch and approve proposed action plans to address gaps, based on analysis of post-launch results and performance drivers.</p> <p>Monitor whether 'available for sale' products continue to meet the needs of customers and the Company.</p>	<p>Director / Chief Executive Officer / Principal Officer (Chair)</p> <p>Members of the Executive Committee</p> <p>Chief Actuary</p> <p>Head of Products and Propositions</p>	✓
6. Product Implementation Committee	<p>Ensure timely and proper implementation of PDC approved products.</p> <p>Ensure a proper product development process and the activities that are in accordance with regulations, internal policies/standards/guidelines and controls.</p>	<p>Chief Marketing Officer (Chair)</p> <p>Nominated members of management and functions representing Actuarial, Life Operations, Sales, IT, Finance, Training, Risk & Compliance, Legal and Marketing.</p>	✓
7. Agency Distribution Review Forum	<p>Responsible for providing oversight to sales and performance of the Agency Distribution.</p> <p>Responsibilities include setting of goals of the Agency Distribution with stipulated key performance indicators and defined performance metrics.</p>	<p>Chief Agency Officer (Chair)</p> <p>Senior management of the Agency Distribution channel</p>	✓
8. Partnership Distribution Review Committee	<p>Provide detailed overview of sales and performance of the Partnership Distribution channel.</p> <p>Setup key distribution performance indicators and performance metrics.</p> <p>Review business quality and tabling of outliers or any outlying behaviours.</p> <p>Track progress of strategic initiatives for the year and beyond.</p>	<p>Director Partnership Distribution (Chair)</p> <p>Senior management of the Partnership Distribution channel</p> <p>Selected members of the sales team and business partners of selected departments (optional)</p>	✓

Corporate Governance

Committee	Responsibility	Membership	TOR/Charter
9. Appeal Board	Provides an appeal opportunity to the Agents who are aggrieved by a penalty imposed by the Authorised Officer, based on the outcome of the Investigation against the Agent.	Chief Legal Officer (Chair) Chief Risk and Compliance Officer Chief Marketing Officer Deputy General Manager – IT	
10. Disciplinary Committee	Responsible for the proactive management and issue resolution of employee grievances and disciplinary matters.	Director Human Resources (Chair) Chief Legal Officer Chief Risk and Compliance Officer and/or Subject Matter Manager and/or Internal Audit (if required)	✓
11. Appeal Committee (appointed if inquiry goes for appeal)	Responsible for reviewing the decisions arrived at by the Disciplinary Committee upon the appeals made by the aggrieved employees. The Appeal Committee is responsible for making the final decision.	A minimum of three members including the Chairperson. CEO or her alternative. The appointment of the members and/or the appointment of alternatives in the event the Committee members are absent or have a conflict of interest in the matter of grievance, is vested in the Chairperson and in her absence, her alternative. The investigator appointed depending on the nature of the appeal who is not a voting member.	✓

Corporate Governance

Information on Board Subcommittees and other Committees as appointed by the Board.

BOARD SUBCOMMITTEES

Audit and Compliance Committee

Chairman	Sarath Wikramanayake (Independent Non-Executive Director) Retired from the Board effective 31 July 2025 Hiran Asoka Pieris (Independent Non-Executive Director) Appointed as Chairman effective 01 September 2025.
Members	Deepal Sooriyaarachchi (Non-Executive Director) Stuart Anthony Spencer (Non-Executive Director) Indrajit Asela Wickramasinghe (Independent Non-Executive Director) Appointed as a member effective 07 January 2025 Deepthi Prasad Lokuarachchi (Independent Non-Executive Director) Appointed as a member effective 15 October 2025
Secretary	Chandima Dharmasena – Senior Manager Legal
Agenda	Available
Invitees	Executive Director / Chief Executive Officer / Principal Officer Deputy Chief Executive Officer / Executive Director Chief Financial Officer Chief Legal Officer / Company Secretary Chief Risk and Compliance Officer Director Partnership Distribution / Chief Partnership Distribution Officer Chief Actuary Head of Internal Audit External Auditors Other officials as and when required
Frequency of Meetings	Quarterly
Professional Advice	Available
Terms of Reference	Available

Corporate Governance

Audit and Compliance Committee

Objectives

- Oversee the Company's compliance with financial reporting requirements, information requirements under the Companies Act and other relevant financial reporting related regulations and requirements.
- Review and make recommendations to the Board with regard to the approval of the Annual Report and accounts of the Company, including the Interim Financial Statements.
- Review assurance received from the CEO and the CFO that the financial records have been properly maintained and the Financial Statements give a true and fair view of the Company's operations and finances.
- Review internal controls in place to prevent the leakage of material information to unauthorised persons.
- Review the quarterly results and year-end financials prior to tabling for approval of the Board with special reference to changes or implementation of major accounting policy changes, significant matters including financial reporting issues, significant judgements made by management and how those matters addressed, compliance with accounting standards and other legal requirements, any letter of resignation from the External Auditor.
- Review risk policies adopted by the Company on an annual basis.
 - Take prompt corrective action to mitigate the effects of specific risks if such risks are beyond prudent levels.
 - Review and report to the Board on the effectiveness of the systems of internal controls and risk management to meet the requirements of the Sri Lanka Auditing Standards.
 - Review with the External Auditor and management the scope of each annual audit and its cost effectiveness.
 - Ensure that the internal audit function is adequately resourced, has an appropriate standing, and ensure coordination between the Internal and External Auditors.
 - Determine the fees to be paid to the External Auditors and make recommendations to the Board with regard to their appointment and also with regard to their ceasing to hold office.
 - Review reports from the External Auditor on significant issues arising from the audit of the Company's Financial Statements and on the Company's internal control environment, as well as review regular updates on related matters.
 - Review the effectiveness of the corporate compliance framework with insurance operations and other relevant legislation.
- Review the scope and results of the internal and external audit and its effectiveness, the independence, performance, and objectivity of the Auditors, and review the quality of the audits.
- Perform an independent supervisory role in securing corporate compliance with the Regulation of Insurance Industry Act and related regulations, as well as with other applicable statutes and regulations.
- Secure the timely implementation of audit recommendations.

Corporate Governance

Remuneration Committee

Chairman	Tan Hak Leh (Non-Executive Director) Resigned effective 06 January 2025. Indrajit Asela Wickramasinghe (Independent Non-Executive Director) Appointed as the Chairman effective 07 January 2025.
Members	Deepal Sooriyaarachchi (Non-Executive Director) Sarath Wikramanayake (Independent Non-Executive Director) retired from the Board effective 31 July 2025 Biswa Prakash Misra (Non-Executive Director) Appointed as a member effective 06 January 2025 Deepthi Prasad Lokuarachchi (Independent Non-Executive Director) Appointed as a member effective 30 January 2026)
Secretary	Thushari Perera – Director Human Resources
Agenda	Available
Invitees	Executive Director / Chief Executive Officer / Principal Officer Other officials as and when required
Frequency of Meetings	Meetings shall be held not less than twice a year.
Professional Advice	Available
Terms of Reference	Available
Objectives	<ul style="list-style-type: none"> • To establish review and recommend to the Board a transparent and formal procedure for the Company's remuneration policy applicable to employees of the Company including the CEO, Executive Directors, and or other Key Management Personnel and for fixing the remuneration packages of individual Directors. • To recommend to the Board the remuneration to be paid to Directors, the Chief Executive Officer and Executive Directors and/or other employees holding equivalent position. • To review and recommend to the Board the grant of employees' stock options or other equity based payments, to the CEO, Executive Directors and or other Key Management Personnel. • To evaluate and recommend to the Board the terms of any compensation package to be paid to the CEO, Executive Directors and or other Key Management Personnel in the event of early termination of their employment contract with the Company.

Corporate Governance

Related Party Transactions Review Committee

Chairman	Deepal Sooriyaarachchi (Non-Executive Director)
Members	<p>Stuart Anthony Spencer (Non-Executive Director)</p> <p>Sarath Wikramanayake (Independent Non-Executive Director) Retired from the Board effective 31 July 2025</p> <p>Indrajit Asela Wickramasinghe (Independent Non-Executive Director) Appointed as a member effective 07 January 2025</p> <p>Hiran Asoka Pieris (Independent Non-Executive Director) Appointed as a member effective 01 September 2025</p> <p>Deepthi Prasad Lokuarachchi (Independent Non-Executive Director) Appointed as a member effective 15 October 2025</p>
Secretary	Amenda Abeygoonasekera – Assistant Manager Legal and Company Secretarial
Agenda	Available
Invitees	<p>Executive Director / Chief Executive Officer / Principal Officer</p> <p>Chief Financial Officer</p> <p>Chief Legal Officer / Company Secretary</p> <p>Chief Risk and Compliance Officer</p> <p>Head of Internal Audit</p> <p>Other officials as and when required</p>
Frequency of Meetings	Quarterly
Professional Advice	Available
Terms of Reference	Available
Objectives	<ul style="list-style-type: none"> • To oversee that all related party transactions of the Company are duly reviewed, undertaken and disclosed and to ensure that the interests of shareholders as a whole are taken into account when entering into related party transactions. • To ensure compliance with the Code of Best Practices on Related Party transactions and the Listing Rules of the CSE, and when applying the rules on related party transactions, the objective and the economics of such transaction will take precedence over the legal form and technicality. • To establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting all related party transactions on an end-to-end basis across the Company's operations.

Corporate Governance

Nominations and Governance Committee

Chairman	Tan Hak Leh (Non-Executive Director) Resigned effective 06 January 2025 Indrajit Asela Wickramasinghe (Independent Non-Executive Director) Appointed as the Chairman effective 07 January 2025
Members	Deepal Sooriyaarachchi (Non-Executive Director) Sarath Wikramanayake (Independent Non-Executive Director) Retired from the Board effective 31 July 2025 Biswa Prakash Misra (Non-Executive Director) Appointed as a member effective 06 January 2025 Hiran Asoka Pieris (Independent Non-Executive Director) Appointed as a member effective 01 September 2025. Deepthi Prasad Lokuarachchi (Independent Non-Executive Director) Appointed as a member effective 15 October 2025.
Secretary	Thusara Ranasinghe – Company Secretary
Agenda	Available
Invitees	Invitees to Committee Meetings shall be decided by the Committee, as deemed necessary.
Frequency of Meetings	Meetings shall be held as and when required.
Professional Advice	Available
Terms of Reference	Available
Objectives	<ul style="list-style-type: none"> • Review, provide advice and recommend (or not recommend) to the Chairman and the Board the selection of new Directors for appointment to the Board of Directors of the Company and or the re-appointment / re-election of incumbent Directors. • To maintain set criteria for the selection of Directors such as the academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the Company's business and industry specific requirements. • Ensure that the Directors are fit and proper persons to hold office. • To consider the selection and appointment of a Chairman in case a vacancy arises, and to develop a succession plan for the Board of Directors and Key Management Personnels of the Company. • To review the structure, composition and competencies including the skills, knowledge and experience of the Board and make recommendations to the Board with regard to any changes. • To establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the company. • To ensure that a suitable process is in place for periodic evaluation of the performance of the Board and CEO. • To ensure that relevant guidelines of the corporate governance framework is adhered together with applicable regulatory requirements. In doing so, a periodic review and update of the corporate governance framework, and legal developments, will be taken into consideration. • Receive reports from the management on compliance with the corporate governance framework of the Company including the Company's compliance with relevant requirements as specified by the Insurance Regulatory Commission of Sri Lanka and any other applicable laws, guidelines, rules, codes and regulations together with any deviations/non compliances and the rationale for same.

Corporate Governance

BOARD APPOINTED MANAGEMENT COMMITTEES

Investment Committee

(Comprising Non-Board members)

Chairperson	Chathuri Munaweera (Executive Director / Chief Executive Officer / Principal Officer)
Members	Sampath Thushara (Chief Financial Officer) Hasitha Mapalagama (Chief Risk and Compliance Officer) Samath Perera (Chief Actuary) Zarah Juriansz (Chief Investment Officer)
Secretary	Zarah Juriansz – Chief Investment Officer
Agenda	Available
Invitees	Officials representing the management of the Company as and when required and representatives of the Fund Manager
Frequency of Meetings	Quarterly
Professional Advice	Available
Terms of Reference	Available
Objectives	<ul style="list-style-type: none"> • To design and review the Company's investment policy and place same before the Board of Directors for approval. • To implement the investment policy as approved by the Board of Directors. • To apprise the Board of Directors periodically on the Committee's activities. • To monitor investment performance and recommend appropriate investment strategies. • To review the adequacy of internal control systems and risk management systems. • To ensure that the portfolios are managed to achieve their investment objectives whilst adhering to regulatory requirements. • To liaise with the IRCSL in connection with regulations pertaining to investments and provide information to help define the framework of investment management of insurance portfolios.

Asset Liability Management Committee

(Comprising Non-Board members)

Chairman	Sampath Thushara (Chief Financial Officer)
Members	Hasitha Mapalagama (Chief Risk and Compliance Officer) Samath Perera (Chief Actuary)
Secretary	Shemani Ratwatte – Manager Actuarial
Agenda	Available
Invitees	Invitees to Committee Meetings shall be decided by the Committee, as deemed necessary.
Frequency of Meetings	Meetings shall be held as and when required
Professional Advice	Available
Terms of Reference	Available
Objectives	<ul style="list-style-type: none"> • To provide oversight of asset liability management policies, processes and controls and the implementation of asset liability management decisions and strategic asset allocation processes. • To monitor and review the Company's risk appetites for liquidity position, solvency position and liabilities profile. • To monitor and review the need to ensure that the Company holds sufficient assets of appropriate nature, term and liquidity to enable such entities to meet its liabilities as they become due.

Risk Management Review

AIA Sri Lanka recognises the importance of sound risk management in every aspect of the business and to all its stakeholders. For policyholders, it is the assurance that the Company will stand with them when they need it most, at the time of the claim or when benefits are paid.

A sound risk management process is vital to ensure the stability of the insurance industry and the financial system. For stakeholders and investors, it is a means of protecting and enhancing the long-term value of their investment. AIA Sri Lanka recognises that strong corporate governance and a sound risk management system are at the core of its business proposition and the Company's focus on these areas has been a significant contributor to its performance. As AIA Sri Lanka's business grows in scale and complexity and given the dynamic nature of the external environment with changes and developments in the political, social, and economic spheres, so evolves our approach to risk management to better align and stay relevant.

The Company's Risk Management Framework (RMF) is built around developing an appropriate and mindful risk culture at every level of the organisation in support of strategic objectives. The RMF provides appropriate tools, processes and capabilities for the identification, assessment and, where required, upward referral of identified material risks for further evaluation.

AIA Sri Lanka's RMF consists of the following key components:

RISK GOVERNANCE

Risk governance establishes clear responsibility and accountability to execute the risk strategy and carry out the day-to-day risk management and compliance activities. Risk governance consists of the Board, delegation of authorities and committees, Three Lines of Defence, independence of the Group and business unit, risk and compliance organisation and corporate policy governance.

The Board is responsible for defining risk management and compliance responsibilities in the Board's Terms of Reference. The Risk Committee consists of the Executive Committee and members of the business and oversees risk management across the business.

The Three Lines of Defence model clearly defines the roles and responsibilities for the management of risk between those taking executive decisions (the First Line), the Risk and Compliance function (the Second Line) and Internal Audit (the Third Line), with each of these working closely together but ultimately operating independently from each other.

AIA Sri Lanka establishes policies and standards to manage all material risks to which the business is exposed and must be approved, governed, and maintained.

RISK CULTURE

A strong risk culture promotes prudent risk management, compliance, and fair treatment of customers. The risk culture influences the way activities are conducted in relation to risk awareness, risk taking, risk management and controls.

Accountability is central to the Company's risk culture, with the First Line responsible for managing risks and the Second Line providing independent oversight.

The performance and remuneration structures emphasise both conduct and achievement, reinforcing behaviours consistent with our operating philosophy and strong risk culture.

RISK STRATEGY

Risk strategy defines the types of risks and how they are managed and taken to achieve AIA Sri Lanka's strategic objectives. The Risk Appetite Framework establishes the quantum and nature of risks the Company is prepared to take in pursuit of its strategy. This framework includes the Risk Appetite Statement, supporting principles and tolerances, and risk limits to manage specific risks.

RISK MANAGEMENT PROCESS

AIA Sri Lanka has a robust risk management process that provides the information, capability, and tools needed to manage key risks effectively. Risks are systematically identified, assessed, and quantified to determine exposure and appropriate management actions. The First Line is responsible for executing mitigation strategies and escalating material risks promptly. Risks are monitored against approved tolerances and managed through effective internal controls to maintain exposures within acceptable levels.

RISK REPORTING, SYSTEMS AND TOOLS

Risk reporting must be complete, accurate, and timely, covering all material risks for the Board, Risk Committee, and other relevant internal or external parties. This includes risk positions and recovery plans where required by the senior management and other supervisory reports.

HIGHLIGHTS OF 2025

During 2025, AIA Sri Lanka continued to fortify its risk and compliance capabilities through improved regulatory governance, financial crime controls, third-party management, and emerging risk management. Regulatory governance was bolstered through the adoption of the Group's regulatory inventory management system, integrating regulatory registers, gap assessments, and reporting workflows, thereby improving visibility, accountability, and auditability across compliance obligations. Significant headway was also made in the implementation of the Personal Data Protection Act (PDPA), with Phase I activities nearing completion by the end of 2025, covering employee training, documentation, system enhancements, and frontline compliance readiness.

Risk Management Review

Financial crime risk management was further enhanced during the year, with the Company strengthening its governance and control environment. Automation of Financial Intelligence Unit (FIU) reporting was considerably expanded, improving both accuracy and efficiency, while dedicating the resources for the deployment of customer due diligence and suspicious activity monitoring capabilities which will enable real-time monitoring in line with regulatory and Group standards. Ongoing compliance reviews, awareness initiatives, and participation in national asset-freezing simulations further strengthened organisational readiness for the upcoming National Risk Assessment.

Implemented in 2024, third-party risk management reached a key milestone in 2025, with the Third-Party Management (TPM) platform achieving full operational maturity, enhancing governance, risk transparency, and ethical standards across AIA Sri Lanka's partner ecosystem. In parallel, the establishment of a Local AI Governance Council provides structural oversight for artificial intelligence initiatives, ensuring responsible adoption aligned with Group standards, regulatory expectations, and risk appetite. These initiatives were supported by strong cross-functional collaboration across the business, reinforcing the Company's commitment to robust governance, effective risk management, and sustainable growth.

On the financial risk management front, 2025 marked continued progress in strengthening resilience under potential extreme conditions. The Company performed comprehensive capital and earnings stress tests, alongside duration analysis to better align asset-liability sensitivities. Notably, reverse stress testing was performed to identify potential failure scenarios, enhancing preparedness for tail-risk events. Liquidity risk management was further reinforced through the update of the Liquidity Contingency Plan, laying the groundwork for operational testing and simulation drills scheduled for 2026. These initiatives, complemented by daily liquidity monitoring, underscore AIA Sri Lanka's ability to navigate volatility and safeguard financial stability.

OUTLOOK FOR 2026

AIA Sri Lanka's risk management focus for 2026 is to further embed risk considerations into strategic and capital decision-making, warranting financial resilience, disciplined execution, and long-term sustainability within a moderately high-risk operating environment. As Sri Lanka emerges from the recent economic crisis, macroeconomic conditions continue to stabilise. However, elevated uncertainty persists around interest-rate movements, yield sustainability, taxation, regulatory expectations, and broader societal pressures. Against this backdrop, the Risk function will continue to play a pivotal role in supporting management to navigate downside risks while enabling disciplined execution of the Company's strategic agenda.

The Risk function's moto for 2026 remains 'Empower Resilience, Drive Innovation, Secure Growth.' These pillars underscore a balanced risk-and-return approach that sustains strong solvency, liquidity, and capital adequacy amid interest-rate volatility, while proactively managing potential margin and capital pressures arising from evolving regulatory and taxation developments. This approach enables strategic swiftness in countering to industry consolidation dynamics, capital deployment constraints, and supports AIA Sri Lanka's ambition to consolidate its position as the market leader in the Regular Premium segment in 2026.

Key areas of focus for 2026 include: (i) strengthening asset-liability management (ALM), duration oversight, and liquidity monitoring to mitigate risks arising from interest-rate volatility and potential ALM dislocations; (ii) enhancing regulatory horizon-scanning, impact assessment capabilities, and proactive engagement to manage increasing regulatory complexity and margin pressure; (iii) reinforcing governance, oversight, and execution discipline across major operational and transformation programmes to minimise execution and business disruption risks; (iv) embedding robust risk and stress-testing considerations into strategic decision-making relating to capital allocation, alternative investment opportunities, and potential inorganic growth initiatives, and (v) continuing structured training, and risk awareness programmes to continue embedding a proactive risk culture.

The Company remains committed to continuously evolving its risk management framework to ensure it remains forward-looking and aligned with the Company's strategic priorities. By strengthening risk governance and fostering close collaboration between the Risk function and the business, AIA Sri Lanka will safeguard financial and operational resilience, protect policyholder interests, and position itself to capture strategic opportunities in an increasingly complex and competitive insurance landscape.

Audit and Compliance Committee Report

COMPOSITION

The Audit and Compliance Committee ('the Committee') of AIA Insurance Lanka Limited is appointed by the Board of Directors. In line with the Company's endeavours to adopt high standards of governance requirements as a non-listed limited liability subsidiary of AIA Group and in compliance with the applicable corporate governance standards, the Company continued with the Audit and Compliance Committee to serve the relevant purposes.

The Committee comprises of the following Directors of the Company;

1. Mr. Hiran Asoka Pieris – Chairman
(Independent Non-Executive Director)
2. Mr. Indrajit Asela Wickramasinghe – Member
(Independent Non-Executive Director)
3. Mr. Deepthi Prasad Lokuarachchi – Member
(Independent Non-Executive Director)
4. Mr. Deepal Sooriyaarachchi –
Member (Non-Executive Director)
5. Mr. Stuart Anthony Spencer – Member
(Non-Executive Director)

Mr. Sarath Wikramanayake who functioned as the Chairman of the Committee retired from the Board after completing the nine years of valuable service to the Company in the capacity of an Independent Non-Executive Director and the Chairman of the Audit & Compliance Committee.

Mr. Hiran Asoka Pieris, Mr. Indrajit Wickramasinghe and Mr. Deepthi Prasad Lokuarachchi functions in the Committee as Independent Non-Executive Directors. Mr. Hiran Asoka Pieris is a Chartered Accountant and is an associate member of the Institute of Chartered Accountants of Sri Lanka, a fellow member of the Chartered Institute of Management Accountants, UK and a certified Global Management Accountant.

The members of the Committee, who have been drawn from and out of the Non-Executive Directors serving on the Board, possess the required knowledge and expertise to perform their duties of the Committee and they have demonstrated an effective discharge of its functions and duties for the year under review.

OBJECTIVE

The objectives and functions of the Committee are set out in the Terms of Reference of the Committee approved by the Board of Directors and encompass the following areas;

1. Financial Reporting

The Committee is primarily tasked with assisting the Board in discharging its responsibilities for overseeing the preparation, presentation and the integrity of disclosures of the Company's financial statements in accordance with the applicable

accounting standards. The Committee recommends the quarterly financial statements, annual accounts and connected documents for the approval of the Board as and when required.

It focuses on a fair presentation and disclosure, reasonability of estimates and judgmental factors and appropriateness of significant accounting policies related to financial reporting regulations and the Companies Act No. 07 of 2007, as adopted in preparation of the Financial Statements. An assurance from the CEO and the CFO has been received confirming the entity's operational and financial stability.

2. Internal Audit

The Committee is responsible for reviewing and approving the Annual Internal Audit Plan for the year as presented by the Internal Audit function of the Company. The Committee receives constant updates on matters relating to progress of the plan during the year.

In addition, the Committee reviews the quarterly reports presented by the Internal Audit function regarding audit reports and progress of management actions in closing identified issues. The Head of Internal Audit had unfettered access to the Committee and had private meetings with the Committee ensuring independence of the Internal Audit function. The Committee is satisfied with the independence of Internal Auditor.

3. Risk, Governance and Internal Control

The Committee receives quarterly reports from the Chief Risk Officer. The Committee continually reviewed the risks emanating from Sri Lanka's 2024 economic landscape, marked by debt restructuring progress, IMF support, and reserve growth, yet challenged by election-related political risks, global uncertainties, and ongoing reforms.

During the year, the Committee reviewed the governance framework of the Company through the Chief Risk Officer's Reports. The Committee was updated on the effectiveness of the control framework and the top risks faced by the business together with the management action plans to mitigate the identified risks. During the year the Company continued with its commitment in developing its risk management framework to align with the business requirements. The Committee is satisfied that the internal controls and procedures in place for assessing and managing risks are adequately designed and operate effectively and is of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the financial statements of the Company are reliable.

In addition, other assurance reports pertaining to control exceptions, fraud and malpractice and other significant matters were tabled and reviewed by the Committee. The Committee further appraised the actions in place to control any issues identified in these reports.

Audit and Compliance Committee Report

The Committee was constantly updated with the control framework adopted by the Company in terms of Anti-Money Laundering, and countering terrorist financing and proliferation financing. The Committee reviewed the robust screening and reporting mechanisms engaged by the Company and their continuous improvements made during the year 2025.

4. External Audit

External Audit is another key area which receives attention of the Committee. The Committee received the External Audit Plan of the Messrs. Deloitte Partners, Chartered Accountants, the External Auditors of the Company and approved same after having discussed with the management. External Auditors were invited to attend the Committee's quarterly meetings and also for private meetings.

The External Auditors were given adequate access by the Committee to ensure independence and objectivity. The External Auditor of the Company has submitted the Management Letter for the year 2024 with audit findings and the Committee reviewed the comments and undertakings by the management with regards to recommendations made by External Auditors.

5. Regulatory Compliance

The Committee received quarterly updates of regulatory liaisons. Where applicable, the Committee was updated with the regulatory changes that are being implemented and reviewed the action plans to ensure readiness of the Company in meeting such regulatory requirements. The Committee received reports on the status of regulatory compliance of the Company and the effectiveness of compliance monitoring programmes during the year.

6. Any Other Significant Matters

The Committee constantly reviewed the matters relating to tax assessments received by the Company which are being contested and under consideration and received constant updates on how those matters progressed during the period. During the year, the Committee received extensive updates on the new tax reforms, monetary policy and inflation.

MEETINGS

The Committee held five formal meetings and resolutions in writing were circulated to the Committee during the year under review and the CEO, the Deputy CEO, the CFO, the Chief Risk Officer, the Chief Actuary, the Company Secretary and the Head of Internal Audit attended these meetings as permanent invitees. The External Auditors attended all the scheduled meetings of the Committee for the year and the Committee had private meetings with Internal and External Auditors without the presence of any management staff. Other

members of the senior management attended as invitees as and when required. Apart from the formal meetings, there were numerous communications between the Chairman, members of the Committee and members of the Executive Committee of the Company. The Board receives a copy of the minutes of each meeting of the Committee.

INDEPENDENCE OF THE EXTERNAL AUDITORS AND THEIR APPOINTMENT

During the year under review Messrs. Deloitte Partners, Chartered Accountants functioned as the Statutory Auditors of the Company.

As aforesaid, the Committee had continuous communications with the Auditors. The Committee affirms that Messrs. Deloitte Partners, Chartered Accountants, the Company's current External Auditors, have no relationship with the Company, its parent company and its subsidiary other than that of the External Auditors of the respective entities. They have consistently carried out their duties independently, with the support and facilitation of the management during the period under consideration.

The Committee was apprised that AIA Group had announced their recommendation to appoint Messrs KPMG as the External Auditor for group entities. This recommendation was made after a comprehensive audit tender process conducted in August 2024 for the group with the objective of reinforcing audit quality and independence. In line with the AIA Group's recommendation, the committee after evaluating the relevant requirements recommended the Board that Messrs. KPMG, Chartered Accountants be appointed as Statutory Auditors of the Company for the financial year ending 31 December 2026, subject to approval by the shareholders at the forthcoming Annual General Meeting. The Committee will approve the terms of engagement of the auditors for 2026 subject to the approval of their appointment by the shareholders of the Company, and necessary recommendations being made to the Board as regards their remuneration for 2026.



Hiran Asoka Pieris

Chairman, Audit and Compliance Committee

27 February 2026

Remuneration Committee Report

The Remuneration Committee of AIA Insurance Lanka Limited is appointed by the Board of Directors from and amongst the Directors of the Company.

COMPOSITION

The Committee comprises of the following Directors of the Company.

1. Mr. Indrajit Asela Wickramasinghe - Chairman (Independent Non-Executive Director)
2. Mr. Deepal Sooriyaarachchi - Member (Non-Executive Director)
3. Mr. Biswa Prakash Misra - Member (Non-Executive Director)
4. Mr. Deepthi Lokuarachchi - Member (Independent Non-Executive Director)

SCOPE AND OBJECTIVES

The overall objectives and functions of the Remuneration Committee are:

1. To review and to approve the Remuneration Policy of the Company.
2. To recommend to the Board of Directors, the remuneration to be paid to the Chief Executive Officer and fees payable to the Directors, their perquisites and allowances.
3. To review and to approve the grant of employees' stock options (if and when such schemes are applicable) subject to the necessary approvals including the approval of the Board of Directors.

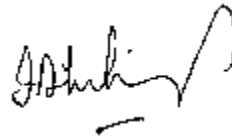
REMUNERATION POLICY OF THE COMPANY

The Remuneration Policy sets out a total reward framework which allows the Company to align itself with the best of class reward practices and recognise superior performance and high potential in a market competitive manner within the Company's capacity to pay. In setting its guidelines, the Policy endeavours to be in line with the local statutory and regulatory obligations.

PROCEEDINGS AND REPORTING

The Remuneration Committee is empowered to invite the Chief Executive Officer, Director Human Resources and the Company Secretary to its meetings to offer support in its discussions and considerations and to seek external independent professional advice on matters within the purview of the Committee. Neither the Chief Executive Officer nor any other Directors are involved in the Committee meetings when determinations are made in relation to own remunerations of the respective Directors or the Chief Executive Officer.

The Remuneration Committee meets not less than two times a year. The Committee reports on its deliberations, activities, matters reviewed, recommendations and decisions reached to the Board of Directors of the Company for advice, approval and or ratification. In 2025, the Committee held two meetings in order to discharge its businesses.



Indrajit Asela Wickramasinghe

Chairman, Remuneration Committee

27 February 2026

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee ('the Committee') of AIA Insurance Lanka Limited ('the Company') was set up in January 2016 as part of the sound governance framework of the Company and to provide oversight on the related party and transfer pricing aspects of the Company. The Company is no longer under the regulatory purview of the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange, consequent to the Company's delisting from the official list of the Colombo Stock Exchange in 2019. Notwithstanding this, the Company is committed to maintaining the existing governance frameworks and will continue to operate the Related Party Transactions Review Committee.

The Company substantially adheres with the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka, which requires the establishment of a Related Party Transactions Review Committee. Therefore, in line with the Company's endeavours to adopt high standards of governance requirement as a non-listed limited liability subsidiary of AIA Group, the Company continues with the Related Party Transactions Review Committee to serve the relevant purposes.

COMPOSITION

The Committee comprises of the following Directors of the Company.

1. Mr. Deepal Sooriyaarachchi – Chairman
(Independent Non-Executive Director)
2. Mr. Stuart Anthony Spencer – Member
(Non-Executive Director)
3. Mr. Indrajit Asela Wickramasinghe – Member
(Independent Non-Executive Director)
4. Mr. Hiran Asoka Pieris – Member
(Independent Non-Executive Director)
5. Mr. Deepthi Prasad Lokuarachchi – Member
(Independent Non-Executive Director)

**During the year under review Mr. Sarath Wikramanayake served as a member (Independent Non-Executive Director) for the committee until his resignation on 31 July 2025.*

OBJECTIVE

The objectives and functions of the Committee are set out in the Terms of Reference of the Committee approved by the Board of Directors and captures the following areas.

1. To exercise oversight on behalf of the Board, on all related party transactions of the Company and its subsidiary, other than those exempted by the applicable regulations. To ensure that the same is reviewed, undertaken and disclosed in the manner consistent with the relevant accounting standards and the Code of Best Practice on Corporate Governance 2017 applicable to the related party transactions of an entity.
2. To exercise oversight on behalf of the Board, on all related party transactions including international transactions entered into with associated enterprises, and policies / procedures influencing determination of transfer prices on same. To ensure that the same is reviewed, undertaken, maintained and disclosed in the manner consistent with the regulations / statutes governing such transactions inclusive of recommending for certification by the Board where required and further that such international related party transactions have been concluded on an arm's length basis and not prejudicial to the interests of the Company and its subsidiary, for the purposes of publication of annual accounts.

THE POLICIES AND PROCEDURES ADOPTED BY THE COMMITTEE

Related Party Transactions Monitoring

The Committee is responsible for discharging its duties and functions by constantly reviewing and updating the existing framework for capturing, monitoring and reporting on related party transactions based on the policies and procedures relating to same.

During the year under review, the Committee reviewed and pre-approved all proposed non-recurrent related party transactions of the Company and its subsidiary. This information was also reviewed annually by the Committee. Transactions, which are of recurrent nature and other transactions were presented for the review and approval of the Committee.

Related Party Transactions Review Committee Report

The term 'Key Management Personnel' ('KMP') is defined to include the Directors and Chief Executive Officer for the purpose of ensuring the transparency and all KMP related disclosures / information are reviewed by the Committee.

The Committee further declares that:

Appropriate disclosures have been made in terms of the Sri Lanka Accounting Standards LKAS 24 - Related Party Disclosures, in Note 42 in the Financial Statements of the Company and its Group.

Transfer Pricing Regulation Related Disclosures

The Company has in place a Transfer Pricing Policy, which has been approved by the Board in accordance with the requirements of the Transfer Pricing Regulations issued by the Department of Inland Revenue under section 76 of the Inland Revenue Act, No. 24 of 2017. Further, the Company complied with the reporting requirements mandated by the Gazette notification No. 2104 / 4 issued by the Inland Revenue Department (the IRD) for the financial year 2024/25 mandating various reporting requirements and their thresholds applicable for the year under review. As such, the requirements to submit Disclosure Forms, Local File, Master File and Country by Country Report based on different threshold limits as stipulated therein have been adhered to during the year under review.

MEETINGS

The Committee held four formal meetings during the year under review. The CEO, the CFO, the Company Secretary and the Head of Internal Audit are considered as permanent invitees for the meetings while the other members of the senior management attend the meetings as invitees as and when required.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through Board briefings, and by circulating the minutes of the Committee meetings.



Deepal Sooriyaarachchi

Chairman, Related Party Transactions Review Committee

27 February 2026

Nominations and Governance Committee Report

The Nominations and Governance Committee of AIA Insurance Lanka Limited (the 'Company') (previously known as the Nominations Committee) is formed with authority to recommend to the Board of Directors, on the suitability of a new Director's appointment, overseeing their on boarding and orientation program and/or of the re-election of a Director who is retiring by rotation, as the case may be, when assessed on the basis of merit and objective criteria. Whilst Directors retiring by rotation each year are re-elected by a resolution of the shareholders at the Company's Annual General Meeting, the appointment of new Directors on the other hand is made by the Company's majority shareholder, AIA Holdings Lanka (Private) Limited in compliance with the Company's Articles of Association. Arrangements are in place to ensure that the recommendations of the Nominations and Governance Committee are made available to the Company's majority shareholder for due consideration when making such Board appointments.

The Committee's Terms of Reference seeks to facilitate a transparent, rigorous, and formal process in the appointment of new Directors and/or the re-election of retiring Directors to the Company's Board of Directors and to ensure an optimal Board structure, size and composition given the strategic needs and plans of the Company. Dominant objectives include ensuring that the Company's Board of Directors forms a strong and professional team that is beneficial to the Company and its stakeholders.

During the year under review, the Committee reviewed, evaluated and provide advice the Chairman and the Board on new potential candidates to the Board after considering their qualifications, work experience, competencies, suitability and eligibility to hold the office as Directors of the Company.

The Company's current Board of Directors represents diversity in terms of gender, nationality, skills, capabilities and global experience.

COMPOSITION

Members of the Nominations and Governance Committee are required to comprise a majority of Non-Executive Directors out of which at least one or one third (whichever is higher) must be Independent Non-Executive Directors.

The Committee comprises of the following Directors of the Company.

1. Mr. Indrajit Asela Wickramasinghe – Chairman (Independent Non-Executive Director)
2. Mr. Deepal Sooriyaarachchi – Member (Non-Executive Director)
3. Mr. Biswa Prakash Misra – Member (Non-Executive Director)
4. Mr. Deepthi Prasad Lokuarachchi – Member (Independent Non-Executive Director)
5. Mr. Hiran Asoka Pieris - Member (Independent Non-Executive Director)

**Tan Hak Leh resigned from the position as the Chairman/Member of the Committee effective 06 January 2025.*

**Sarath Wikramanayake resigned from the position of Member of the Committee effective 31 July 2025.*

**Biswa Prakash Misra was appointed as a Member of the Committee effective 07 January 2025.*

**Indrajit Asela Wickramasinghe appointed as the Chairman/Member of the Committee effective 07 January 2025.*

**Hiran Asoka Pieris was appointed as a Member of Committee effective 01 September 2025.*

SCOPE AND OBJECTIVES

The scope and objectives of the Nominations and Governance Committee are set out in its Terms of Reference and includes, principally, considering and making recommendations to the Board of Directors of the suitability of a Director's appointment and/or re-election as a Director to the Board of Directors.

Nominations and Governance Committee Report


The Committee's recommendations on new appointments are required to address areas such as qualifications, competencies, independence, relationships, skill, knowledge and experience which have the potential to give rise to conflict vis-à-vis the business of the Company.

DIRECTORS RETIRING BY ROTATION AND RE-APPOINTMENT

Mr. Deepal Sooriyaarachchi and Mr. Biswa Prakash Misra retires by rotation in terms of Article 25 (1) read with Article 25 (2) of the Articles of Association. Being eligible for re-appointment, the Committee reviewed their skills, competencies and his role played at the Board of Directors, recommended the Board to propose to shareholders for their re-appointment to the Board of Directors at the forthcoming Annual General Meeting (subject to regulatory approval).

MEETINGS AND DECISION MAKING

The Committee did not hold any physical meetings during the year under review, it attended to its duties and took decisions on matters relating to the Board appointments / re-election of retiring Directors via duly recorded Written Resolutions that were passed by circulation in lieu of meetings as provided for in the Articles of Association of the Company and Terms of Reference of the Committee.



Indrajit Asela Wickramasinghe

Chairman, Nominations and Governance Committee
27 February 2026

Investment Committee Report

The Investment Committee of AIA Insurance Lanka Limited is appointed by the Board of Directors of the Company and comprises four* members. The functions of the Investment Committee are defined in the Terms of Reference for the Investment Committee, as approved by the Board.

SCOPE AND OBJECTIVES

The Investment Committee is delegated responsibility as regards investment management by the Board of Directors and designs the investment policy and investment governance framework of the Company.

The objectives of the Investment Committee include:

- Designing and reviewing the Company's investment policy and placing same before the Board of Directors for approval
- Implementing the investment policy as approved by the Board of Directors
- Apprising the Board of Directors periodically on the Committee's activities
- Ensuring adherence with the Strategic Asset Allocation and Mandates approved by the Board of Directors by monitoring investment performance and recommending appropriate investment strategies
- Ensuring resources dedicated to investment activities and governance are sufficient to implement and manage the approved investment policy and any other activities requested by the Board
- Reviewing the adequacy of internal control systems to support investment activities
- Reviewing the adequacy of risk management systems to support prudent investment management
- Reporting to the Board of Directors on any breaches and concerns regarding the internal controls, investment operations and risk management procedures

The Committee has the authority to seek external professional advice on matters falling within the purview of the Committee and is also authorised to invite professional advisers or others with relevant experience to assist it in its duties.

MEMBERS

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

Member	Period	
	From	To
Chathuri Munaweera - Chief Executive Officer (Chairperson from 09 May 2022)	09 May 2022	To date
Sampath Thushara – Chief Financial Officer	18 July 2022	To date
Hasitha Mapalagama – Chief Risk and Compliance Officer	30 May 2017	To date
Samath Perera – Chief Actuary	12 August 2020	To date
Zarah Juriansz* – Chief Investment Officer (Secretary from 05 May 2011)	05 May 2011	To date

MEETINGS AND ATTENDANCE

The Investment Committee meets at least four times during the year and the fund manager attends the meeting on invitation by the Committee. The Investment Committee convened on four occasions during 2025 and given below is the members' attendance.

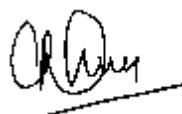
ATTENDANCE

Member	Attendance			
	17 February 2025	02 May 2025	12 August 2025	18 November 2025
Chathuri Munaweera	✓	✓	✓	✓
Sampath Thushara	✓	✓	✓	✓
Hasitha Mapalagama	✓	✓	✓	✓
Samath Perera	✓	X	✓	✓

* Zarah Juriansz was appointed Chief Investment Officer and a member from 01 January 2026.

REPORTING

The Investment Committee reports at every meeting of the Board of Directors of the Company on its deliberations, activities, matters reviewed, recommendations made, decisions reached, and on the quality and performance of the investment portfolios.



Chathuri Munaweera

Chairperson, Investment Committee

10 February 2026

Actuary's Report

AIA Insurance Lanka Limited
(Co. No. PQ18 PB)
AIA Tower
92, Dharmapala Mawatha,
Colombo 07, Sri Lanka
Telephone : 011 231 0000
E-mail : lk.info@aia.com
Web : www.aialife.com.lk

To the shareholders of AIA Insurance Lanka Limited

ACTUARIAL VALUATION AND SOLVENCY OF AIA INSURANCE LANKA LIMITED AS AT 31 DECEMBER 2025

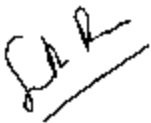
I have enquired into the affairs of the long term insurance business and satisfied myself with the solvency position of the business as required under Section 26 of the Regulation of Insurance Industry Act No. 43 of 2000 read in conjunction with the Solvency Margin Rules (Long Term Insurance Rules 2002, amended in 2011), Guidelines on Linked Long Term Business effective from 01 May 2007, IRCSL Circular No. 22 dated 14 February 2006, Extraordinary Gazette dated 15 December 2015 and Direction No. 16 dated 20 March 2018.

The Company has maintained proper records appropriate for the purpose of conducting an actuarial valuation. The Operations and Finance functions have respectively certified the accuracy and completeness of the data furnished to me. Actuarial valuation as at 31 December 2025 and surplus transfer to shareholder account from the life fund was subject to the independent audit by External Auditors Messrs Deloitte Partners.

I hereby certify the following;

1. Adequate and proper reserves have been provided for as of 31 December 2025 for known liabilities with respect to long term insurance business in accordance with regulations outlined in the Solvency Margin (Risk Based Capital) Rules dated 15 December 2015.
2. As of 31 December 2025, the Company has adequate admissible capital to cover the minimum requirements as per the Solvency Margin (Risk Based Capital) Rules 2015 issued by the Insurance Regulatory Commission of Sri Lanka as required under the Regulation of Insurance Industry Act No. 43 of 2000.
3. In accordance with SLFRS 4, a Liability Adequacy Test (LAT) was performed to assess the adequacy of the carrying value of insurance liabilities. The carrying value of insurance contract liability is adequate.

In accordance with the policy conditions of Universal Life products featuring dividends, I have recommended an annual dividend of 12.31 per cent / 10.94 per cent / 10.26 per cent for policies with dividend rates of 90 per cent / 80 per cent / 75 per cent, respectively, for the financial year ending 31 December 2025.



Samath Perera

Fellow, Society of Actuaries, USA

12 February 2026

Statement of Solvency

The Statement of Solvency for Life Insurance has been prepared in accordance with the Solvency Margin (Risk Based Capital) Rules issued in 2015 that apply with effect from 01 January 2016, and is in line with the formats stipulated by the Insurance Regulatory Commission of Sri Lanka.

	2025 LKR mn	2024 LKR mn
1. Value of admissible assets	119,755	100,761
2. Value of liabilities		
2.1 Policy liabilities	67,215	56,834
2.2 Other liabilities	8,919	8,177
3. Total Available Capital (TAC)	43,621	35,750
4. Risk Based Capital Requirement (RCR)	10,349	6,451
5. Risk Based Capital Adequacy Ratio (CAR) = (TAC/RCR)	422%	554%
6. Regulatory stipulated minimum Capital Adequacy Ratio	120%	120%
7. Company's CAR as a proportion of the stipulated regulatory CAR	3.52x	4.62x

Statement of Approved Assets

Determined as per section 25(1) of the Regulation of Insurance Industry Act of No 43 of 2000 and the determination made by the Insurance Regulatory Commission of Sri Lanka in terms of the said Act as amended in March and October 2011, and April 2016.

	2025 LKR mn	2024 LKR mn
1. Approved assets maintained in long term insurance business	97,911	80,515
2. Long term insurance fund	92,994	76,426
3. Excess in approved assets over long term insurance fund	4,917	4,089
4. Approved assets as a% of long term insurance fund	105.29%	105.35%
5. Ratio required	100%	100%

Financial Reports

Content

94	Chief Executive Officer's and Chief Financial Officer's Responsibility Statement
95	Directors' Statement of Responsibility on Financial Reporting
96	Independent Auditor's Report
99	Statement of Financial Position
100	Income Statement
101	Statement of Comprehensive Income
102	Statement of Changes in Equity – Group
103	Statement of Changes in Equity – Company
104	Statement of Cash Flows
105	Statement of Financial Position – Supplemental
106	Notes to the Financial Statements and Material Accounting Policy Information

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements are prepared in accordance with Sri Lanka Financial Reporting and Accounting Standards (SLFRS/LKAS), the requirements of the Companies Act No. 07 of 2007 and the Regulation of Insurance Industry Act No. 43 of 2000 (as amended). They have been prepared under the historical cost convention, and are adjusted for the revaluation of land, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The accounting policies used in the preparation of the Financial Statements are appropriate and have been consistently applied during the year under review.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements to the best of our knowledge.

Material estimates and judgements of complexity have been made on a prudent and reasonable basis and have been discussed with and approved by the Audit and Compliance Committee of the Board of Directors, and discussed with the External Auditors of the Company, in the preparation and presentation of the Financial Statements in order to reflect a true and fair view.

The form and substance of transactions, reasonably represent the Company's state of affairs.

To ensure this, the Company has taken proper and sufficient care in maintaining systems and designing and ensuring the effectiveness of key controls as specified in the AIA Financial Controls Self-Assessment, together with all other internal controls and the maintenance of accounting records, are reviewed, evaluated and updated on an ongoing basis in order to safeguard the assets, and prevent and detect frauds as well as other irregularities.

The Internal Auditors have conducted periodic audits to provide a reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system, process and internal control.

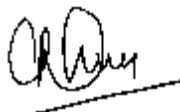
The Financial Statements were audited by Messrs. Deloitte Partners, Sri Lanka Chartered Accountants, the External Auditors of the Company.

The audit opinion issued by the External Auditors is provided from [pages 96 to 98](#).

The Audit and Compliance Committee of the Board of Directors meets periodically with the Internal Auditors and External Auditors to review the manner in which the Auditors carry out their responsibilities and perform their duties, and to discuss audit findings and any deficiencies in internal controls that may impact the accuracy and completeness of the financial reporting process.

The Audit and Compliance Committee of the Board of Directors has reviewed and recommended the scope and fees of audit and non-audit services provided by the External Auditors, for approval of the Board of Directors to ensure that the provision of such services does not impair the auditor's independence and objectivity.

To ensure independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit and Compliance Committee of the Board of Directors to discuss any matter of substance.



Chathuri Munaweera

Director / Chief Executive Officer / Principal Officer



Sampath Thushara

Chief Financial Officer

27 February 2026

Directors' Statement of Responsibility on Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group in accordance with applicable laws and regulations. These responsibilities differ from the responsibilities of the External Auditors, which are set out in their Report on [pages 96 to 98](#) of this Annual Report.

In preparing these Financial Statements of the Company and the Group, the Directors are required to:

- Select appropriate accounting policies and bases and apply them consistently subject to any material departures being disclosed and explained;
- Make judgements and estimates that are reasonable and prudent;
- Ensure Financial Statements of the Company and the Group have been prepared in accordance with applicable accounting standards; and
- Prepare Financial Statements of the Company and the Group on a going concern basis.

The Companies Act No. 07 of 2007 (the Act) requires the Directors to prepare Financial Statements of the Company and the Group complying with the requirements of the Act for each financial year comprising:

- An Income Statement, which presents a true and fair view of income and expenditure of the Company and the Group for the financial year under review; and
- A Balance Sheet (Statement of Financial Position), which presents a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year under review.

The Financial Statements of the Company and the Group are prepared in conformity with the requirements of the Sri Lanka Financial Reporting and Accounting Standards (SLFRS/LKAS), the Companies Act No. 07 of 2007, to the extent applicable and the Regulation of Insurance Industry Act No. 43 of 2000 (as amended).

The Directors, having reviewed the Company's strategic plan for the period 2026-2028, are of the considered view that the Company and its Subsidiary have adequate resources to continue operations.

The Directors note that the actuarial valuation takes into account insurance liabilities and is based on the methodology and assumptions recommended by the Chief Actuary.

The Directors have also taken reasonable steps to establish and maintain appropriate systems of internal controls to safeguard the assets of the Group and to prevent and detect frauds and other irregularities. They have also ensured that proper records are maintained, and that the information generated is reliable.

The Directors are responsible for providing the External Auditors with every opportunity to undertake whatever inspections they consider appropriate to enable them to form their opinion on the Financial Statements of the Company and the Group.

The Directors are satisfied that all statutory and regulatory payments in relation to all relevant statutory and regulatory authorities, which were due and payable by the Company and its Subsidiary as at the Balance Sheet date, have been paid or where relevant, provided for.

The Directors confirm to the best of their knowledge and belief that:

1. The Financial Statements of the Company and the Group, which are prepared in accordance with SLFRS / LKAS and other applicable rules and regulations and recommended best practices, give a true and fair view of the state of affairs as at 31 December 2025 and the profits and cash flows for the financial year then ended;
2. All financial and non-financial requirements stipulated under the Companies Act No. 07 of 2007 pertaining to Directors' duties and responsibilities have been complied with wherever applicable; and
3. The segment titled 'Management Discussion and Analysis' included in this Annual Report presents a fair review of the progress and performance of the business and the financial standing of the Company and its Subsidiary.

BY ORDER OF THE BOARD



Thusara Ranasinghe
Company Secretary

Colombo

27 February 2026

Independent Auditor's Report



Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838
Fax: +94 11 230 7237
www.deloitte.com

Independent Auditor's Report To the Shareholders of AIA Insurance Lanka Limited Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of AIA Insurance Lanka Limited (the Company) and the consolidated financial statements of the company and its subsidiary (the Group) which comprise the statement of financial position as at 31 December 2025 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2025, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekara FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, W D A S U Perera ACA, L A C Tillekeratne ACA, D C A J Yapa ACA,

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

Independent Auditor's Report



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 of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's/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 Company/Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/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 of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

As required by Section 47(2) of the Regulation of Insurance Industry Act, No 43 of 2000, as far as appears from our examination, the accounting records of the Company have been maintained in the manner required by the rules issued by Insurance Regulatory Commission of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.

A handwritten signature in black ink that reads "Deloitte Partners".

CHARTERED ACCOUNTANTS
COLOMBO

06 March 2026

Statement of Financial Position

As at 31 December	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
ASSETS					
Intangible assets	6	7,003,228	7,514,668	7,003,228	7,514,668
Property, plant and equipment	7	1,263,741	1,079,692	1,263,741	1,079,692
Right-of-use assets – leases	19.2 (a)	503,041	605,603	503,041	605,603
Investments in subsidiary	8	–	–	1,000	1,000
Financial investments	9	119,957,965	101,195,435	119,957,965	101,195,435
Policyholder and other loans	10	337,633	346,901	337,633	346,901
Reinsurance receivables	12, 17.2	629	21,505	629	21,505
Trade receivables	13.1	610,994	422,565	610,236	421,889
Other assets	14	5,732,090	5,365,732	5,732,090	5,365,732
Other fund assets	15	637,780	499,325	637,780	499,325
Cash and cash equivalents	16	1,105,035	916,366	1,097,290	910,749
Total assets		137,152,136	117,967,792	137,144,633	117,962,499
LIABILITIES					
Insurance liabilities	17	99,201,061	82,494,035	99,201,061	82,494,035
Retirement benefit obligations	18	580,853	476,020	580,853	476,020
Lease liabilities	19.2 (b)	371,764	597,964	371,764	597,964
Deferred income tax liabilities	11	401,422	386,278	401,422	386,278
Other fund liabilities	20	637,780	499,325	637,780	499,325
Reinsurance payables	17.2	18,183	–	18,183	–
Accruals and other payables	21	6,181,695	5,196,842	6,180,510	5,195,924
Current income tax liabilities	22	753,300	765,841	752,908	765,577
Deferred revenue	23	50,295	54,108	50,295	54,108
Bank overdraft	16	100,794	201,495	100,794	201,495
Total liabilities		108,297,147	90,671,908	108,295,570	90,670,726
EQUITY					
Stated capital	24	3,201,922	3,201,922	3,201,922	3,201,922
Capital reserve	25	365,116	301,416	365,116	301,416
Restricted regulatory reserve	26	6,080,848	6,080,848	6,080,848	6,080,848
Revenue reserves	27	19,207,103	17,711,698	19,201,177	17,707,587
Total equity		28,854,989	27,295,884	28,849,063	27,291,773
Total equity and liabilities		137,152,136	117,967,792	137,144,633	117,962,499

The notes on [pages 106 to 156](#) are an integral part of these Financial Statements.

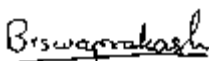
I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Sampath Thushara

Chief Financial Officer

The Financial Statements on [pages 99 to 156](#) were authorised for issue by the Board of Directors on 27 February 2026 and were signed on its behalf.



Biswa Prakash Misra

Chairman / Director



Indrajit Asela Wickramasinghe

Director

Income Statement

For the financial year ended 31 December	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Gross written premium	28(a)	31,867,678	23,573,648	31,867,678	23,573,648
Gross reinsurance premium	28(b)	(36,717)	(23,576)	(36,717)	(23,576)
Net written premium	28	31,830,961	23,550,072	31,830,961	23,550,072
Other Income					
Investment income	29	13,104,365	11,615,885	13,104,359	11,615,885
Fee income	30	2,165,644	1,674,123	2,162,595	1,671,337
Net realised gains	31	156,373	51,537	156,373	51,537
Net fair value gains	32	413,831	713,355	413,831	713,355
Other operating income/(expenses)	33	(14,449)	144,902	(14,916)	144,494
Total other income		15,825,764	14,199,802	15,822,242	14,196,608
Total income		47,656,725	37,749,874	47,653,203	37,746,680
Net claims and benefits	34	(8,107,587)	(7,055,253)	(8,107,587)	(7,055,253)
Change in contractual liability	17.1	(17,992,404)	(12,477,258)	(17,992,404)	(12,477,258)
Net acquisition expenses	35	(3,933,662)	(2,814,561)	(3,933,662)	(2,814,561)
Operating and administrative expenses	36	(13,735,587)	(11,419,607)	(13,734,658)	(11,418,409)
Finance expenses	19.3	(83,323)	(92,748)	(83,323)	(92,748)
Profit before tax	37	3,804,162	3,890,447	3,801,569	3,888,451
Income tax expense	38	(1,134,136)	(1,156,171)	(1,133,358)	(1,155,572)
Profit for the year	39	2,670,026	2,734,276	2,668,211	2,732,879
Profit attributable to;					
Owners of the parent		2,670,026	2,734,276	2,668,211	2,732,879
Non-controlling interest		-	-	-	-
		2,670,026	2,734,276	2,668,211	2,732,879
Basic/diluted earnings per share (in LKR)	40	73.70	75.47	73.65	75.44
Dividend per share (in LKR)	41	33.00	28.00	33.00	28.00

The notes on [pages 106 to 156](#) are an integral part of these Financial Statements.

Statement of Comprehensive Income

For the financial year ended 31 December	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Profit for the year		2,670,026	2,734,276	2,668,211	2,732,879
OTHER COMPREHENSIVE INCOME					
Items that are/may be subsequently reclassified to profit or loss					
Changes in fair value of available-for-sale financial assets	27.1	729,048	6,751,616	729,048	6,751,616
Changes in fair value of available-for-sale financial assets transferred to the long term insurance fund	17.1	(693,713)	(5,865,779)	(693,713)	(5,865,779)
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit obligations	18	(14,432)	(16,196)	(14,432)	(16,196)
Revaluation of land	25	63,700	23,500	63,700	23,500
Total other comprehensive income for the year		84,603	893,141	84,603	893,141
Total comprehensive income for the year		2,754,629	3,627,417	2,752,814	3,626,020
Total Comprehensive income attributable to:					
Owners of the parent		2,754,629	3,627,417	2,752,814	3,626,020
Non-controlling interest		–	–	–	–
Total comprehensive income for the year		2,754,629	3,627,417	2,752,814	3,626,020

Items disclosed in the statement above are net of tax.

The notes on [pages 106 to 156](#) are an integral part of these Financial Statements.

Statement of Changes in Equity – Group

	Note	Stated capital LKR '000	Capital reserve Revaluation reserve LKR '000	Restricted regulatory reserve LKR '000	Revenue reserves		Total equity LKR '000
					Available-for-sale reserve LKR '000	Retained earnings LKR '000	
Balance as at 01 January 2024		3,201,922	277,916	6,080,848	15,480	15,106,684	24,682,850
Profit for the year		–	–	–	–	2,734,276	2,734,276
OTHER COMPREHENSIVE INCOME							
Items that are/may be subsequently reclassified to profit or loss							
Changes in fair value of available-for-sale financial assets	27.1	–	–	–	6,751,616	–	6,751,616
Changes in fair value of available-for-sale financial assets transferred to the long term insurance fund	17.1	–	–	–	(5,865,779)	–	(5,865,779)
Items that will not be reclassified to profit or loss							
Remeasurement of retirement benefit obligations	18	–	–	–	–	(16,196)	(16,196)
Revaluation of land	25	–	23,500	–	–	–	23,500
Total Comprehensive Income		–	23,500	–	885,837	2,718,080	3,627,417
TRANSACTIONS WITH OWNERS:							
Interim dividend	41	–	–	–	–	(1,014,383)	(1,014,383)
Balance as at 31 December 2024		3,201,922	301,416	6,080,848	901,317	16,810,381	27,295,884
Profit for the year		–	–	–	–	2,670,026	2,670,026
OTHER COMPREHENSIVE INCOME							
Items that are/may be subsequently reclassified to profit or loss							
Changes in fair value of available-for-sale financial assets	27.1	–	–	–	729,048	–	729,048
Changes in fair value of available-for-sale financial assets transferred to the long term insurance fund	17.1	–	–	–	(693,713)	–	(693,713)
Items that will not be reclassified to profit or loss							
Remeasurement of retirement benefit obligations	18	–	–	–	–	(14,432)	(14,432)
Revaluation of land	25	–	63,700	–	–	–	63,700
Total Comprehensive Income		–	63,700	–	35,335	2,655,594	2,754,629
TRANSACTIONS WITH OWNERS:							
Interim dividend	41	–	–	–	–	(1,195,524)	(1,195,524)
Balance as at 31 December 2025		3,201,922	365,116	6,080,848	936,652	18,270,451	28,854,989

The Group equity is fully attributable to the owners of the parent and hence non-controlling interest is not applicable in the Statement of Changes in Equity.

The notes on [pages 106 to 156](#) are an integral part of these Financial Statements.

Statement of Changes in Equity – Company

	Note	Stated capital LKR '000	Capital reserve Revaluation reserve LKR '000	Restricted regulatory reserve LKR '000	Revenue reserves		Total equity LKR '000
					Available-for-sale reserve LKR '000	Retained earnings LKR '000	
Balance as at 01 January 2024		3,201,922	277,916	6,080,848	15,480	15,103,970	24,680,136
Profit for the year		–	–	–	–	2,732,879	2,732,879
OTHER COMPREHENSIVE INCOME							
Items that are/may be subsequently reclassified to profit or loss							
Changes in fair value of available-for-sale financial assets	27.1	–	–	–	6,751,616	–	6,751,616
Changes in fair value of available-for-sale financial assets transferred to the long term insurance fund	17.1	–	–	–	(5,865,779)	–	(5,865,779)
Items that will not be reclassified to profit or loss							
Remeasurement of retirement benefit obligations	18	–	–	–	–	(16,196)	(16,196)
Revaluation of land	25	–	23,500	–	–	–	23,500
Total Comprehensive Income		–	23,500	–	885,837	2,716,683	3,626,020
TRANSACTIONS WITH OWNERS:							
Interim dividend	41	–	–	–	–	(1,014,383)	(1,014,383)
Balance as at 31 December 2024		3,201,922	301,416	6,080,848	901,317	16,806,270	27,291,773
Profit for the year		–	–	–	–	2,668,211	2,668,211
OTHER COMPREHENSIVE INCOME							
Items that are/may be subsequently reclassified to profit or loss							
Changes in fair value of available-for-sale financial assets	27.1	–	–	–	729,048	–	729,048
Changes in fair value of available-for-sale financial assets transferred to the long term insurance fund	17.1	–	–	–	(693,713)	–	(693,713)
Items that will not be reclassified to profit or loss							
Remeasurement of retirement benefit obligations	18	–	–	–	–	(14,432)	(14,432)
Revaluation of land	25	–	63,700	–	–	–	63,700
Total Comprehensive Income		–	63,700	–	35,335	2,653,779	2,752,814
TRANSACTIONS WITH OWNERS:							
Interim dividend	41	–	–	–	–	(1,195,524)	(1,195,524)
Balance as at 31 December 2025		3,201,922	365,116	6,080,848	936,652	18,264,525	28,849,063

The notes on [pages 106 to 156](#) are an integral part of these Financial Statements.

Statement of Cash Flows

For the financial year ended 31 December	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Premiums/fees received from customers		31,692,375	23,593,657	31,689,410	23,590,910
Reinsurance premium (net of claims and commission) received		28,553	63,413	28,553	63,413
Claims and benefits paid		(7,871,285)	(6,839,085)	(7,871,285)	(6,839,085)
Cash paid to and on behalf of employees		(3,293,632)	(2,831,376)	(3,293,632)	(2,831,376)
Interest received		78,683	85,522	78,216	85,114
Short-term lease rentals paid	19.4	(4,672)	(3,700)	(4,672)	(3,700)
Payments to agents and intermediaries		(3,931,469)	(2,683,201)	(3,931,469)	(2,683,201)
Other operating cash payments		(8,534,706)	(7,006,689)	(8,535,986)	(7,007,880)
Cash flows generated from operating activities		8,163,847	4,378,541	8,159,135	4,374,195
Taxes paid	22	(1,070,549)	(624,894)	(1,069,903)	(624,282)
Policy loans granted		(60,059)	(122,684)	(60,059)	(122,684)
Policy loans repayment		109,591	179,957	109,591	179,957
Net cash generated from operating activities		7,142,830	3,810,920	7,138,764	3,807,186
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	9.4	(21,578,562)	(16,317,692)	(21,578,562)	(16,317,692)
Proceeds from sale of investments	9.4	5,180,956	3,618,581	5,180,956	3,618,581
Investment expenses		(158,902)	(142,045)	(158,902)	(142,045)
Interest received – financial investments		11,797,415	11,045,317	11,799,353	11,047,997
Dividend received		74,663	59,730	74,663	59,730
Purchase of intangible assets	6	(2,521)	(682)	(2,521)	(682)
Purchase of property, plant and equipment	7	(188,167)	(304,544)	(188,167)	(304,544)
Purchases for assets under construction	6&7	(342,457)	(356,854)	(342,457)	(356,854)
Proceeds from disposal of property, plant and equipment		3,277	63,689	3,277	63,689
Net cash used in investing activities		(5,214,298)	(2,334,500)	(5,212,360)	(2,331,820)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	41	(1,195,524)	(1,014,383)	(1,195,524)	(1,014,383)
Principal payment of lease liabilities	19.4	(360,315)	(271,436)	(360,315)	(271,436)
Interest paid – leases	19.4	(83,323)	(92,748)	(83,323)	(92,748)
Net cash used in financing activities		(1,639,162)	(1,378,567)	(1,639,162)	(1,378,567)
Increase in cash and cash equivalents		289,370	97,853	287,242	96,799
Cash and cash equivalents (net of bank overdraft) at the beginning of the year		714,871	617,018	709,254	612,455
Cash and cash equivalents (net of bank overdraft) at the end of the year	16	1,004,241	714,871	996,496	709,254

The notes on [pages 106 to 156](#) are an integral part of these Financial Statements.

Statement of Financial Position – Supplemental

STATEMENT OF FINANCIAL POSITION – SUPPLEMENTAL

As at 31 December	Note	2025 LKR '000	2024 LKR '000
ASSETS			
Financial investments		100,022,697	83,390,850
Policyholder and other loans		86,011	136,264
Reinsurance receivables		629	21,505
Trade receivables		610,236	421,889
Other assets		3,324,044	3,013,091
Cash and cash equivalents		1,085,260	641,684
Total assets		105,128,877	87,625,283
LIABILITIES			
Insurance liabilities	17	99,201,061	82,494,035
Reinsurance payables		18,183	–
Accruals and other payables		5,758,544	4,875,645
Deferred revenue		50,295	54,108
Bank overdraft		100,794	201,495
Total liabilities		105,128,877	87,625,283

INSURANCE REVENUE ACCOUNT – SUPPLEMENTAL

For the financial year ended 31 December	Note	2025 LKR '000	2024 LKR '000
Gross written premium	28 (a)	31,867,678	23,573,648
Net written premium (net of premium ceded to reinsurers)	28 (b)	31,830,961	23,550,072
Investment income and other income		11,451,434	10,503,442
Charges deducted from policyholders fund		2,162,596	1,671,501
Net claims and benefits	34	(8,107,587)	(7,055,253)
Net acquisition expenses	35	(3,933,662)	(2,814,561)
Operating and administrative expenses		(13,752,823)	(11,467,786)
		19,650,919	14,387,415
Change in contractual liability	17.1	(17,992,404)	(12,477,258)
Surplus transfer to shareholders' fund		1,658,515	1,910,157

Notes to the Financial Statements and Material Accounting Policy Information

▶ 1. GENERAL INFORMATION

AIA Insurance Lanka Limited, formerly known as AIA Insurance Lanka PLC, ("the Company") was incorporated as a company with limited liability in Sri Lanka on 12 December 1986 under the Companies Act No. 17 of 1982 and re-registered on 24 August 2009 under the Companies Act No. 07 of 2007 which came into effect on 03 May 2007. The address of its registered office is AIA Tower, No. 92, Dharmapala Mawatha, Colombo 07, Sri Lanka.

The Company's parent entity is AIA Holdings Lanka (Private) Limited and the ultimate parent entity is AIA Group Limited which is incorporated in Hong Kong, pursuant to the acquisition effective from 05 December 2012.

AIA Insurance Lanka Limited (the Company) and its Subsidiary (together forming "the Group") underwrite life insurance risks, such as those associated with death, health and disability. The Group also provides services in the capacity of a trustee.

The Group Financial Statements for the year ending 31 December 2025 have been authorised to issue by the Board of Directors on 27 February 2026.

▶ 2. BASIS OF PREPARATION

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). These Financial Statements have been prepared under the historical cost convention except for certain financial assets and liabilities and certain classes of property under Note 2 which are measured at fair value. The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's Financial Statements are disclosed in Note 04 to the Financial Statements.

The Financial Statements are presented in Sri Lankan Rupees (LKR) and all values are rounded to the nearest thousand (LKR '000), except when otherwise indicated.

▶ 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied by the Group in preparing its Financial Statements are depicted in the Notes 3.2 to 4.4 and those policies have been consistently applied to all periods presented.

3.1 Changes in accounting policies and disclosures

- (a) **New and amended standards adopted by the Group**
- (i) **IAS 21, "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability**

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

This amendment is effective for the annual periods beginning on or after 01 January 2025.

Notes to the Financial Statements and Material Accounting Policy Information

(b) New standards and interpretations issued but not yet effective and not early adopted

The following standards and interpretations have been issued by IASB (not yet adopted by CA Sri Lanka except for SLFRS 17) and are not mandatory for annual reporting periods ending 31 December 2025.

(i) SLFRS 17, "Insurance contracts"

SLFRS 17 was issued as a replacement for SLFRS 4, "Insurance Contracts". It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a Contractual Service Margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the Statement of Profit or Loss or directly in Other Comprehensive Income. The choice is likely to reflect how insurers account for their financial assets under SLFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the "variable fee approach" for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the Financial Statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

This amendment is effective for the annual periods beginning on or after 01 January 2026. There has been a considerable amount of preparatory work has been carried out by the Company for adaptation of this new standard.

(ii) SLFRS 09, "Financial Instruments"

The Company met the eligibility criteria for temporary exemption under the Amendments of SLFRS 4 "Insurance Contracts" from applying SLFRS 9 "Financial Instruments" in 2018 and has accordingly deferred the adoption of SLFRS 9 until SLFRS 17 "Insurance Contracts" is adopted upon its mandatory effective date. Based on proposed SLFRS 17 "Insurance Contracts" the Company is permitted to apply the temporary exemption as the Company meets the following eligibility criteria.

- The Company has not applied SLFRS 9 before; and
- The Company's activities are predominantly connected with insurance as the ratio of its liabilities connected with insurance, including investment contracts measured at the fair value through profit or loss compared with total liabilities is greater than 90 per cent. Accordingly, the Company qualifies as a pure insurance company.

As at 31 December 2025	2025 LKR '000
Insurance contract liability	99,201,061
Reinsurance payable	17,554
Deferred revenue	50,295
Liabilities connected with insurance	99,268,910
Total liabilities	108,296,518
Predominance ratio	92%

(iii) Amendments to SLFRS 9 and SLFRS 7, "Classification and Measurement of Financial Instruments"

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows [such as some instruments with features linked to the achievement of Environment, Social and Governance (ESG) targets]; and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 01 January 2026, with earlier application permitted.

Notes to the Financial Statements and Material Accounting Policy Information

(iv) SLFRS 18, "Presentation and Disclosures in Financial Statements"

SLFRS 18 replaces LKAS 1, carried forward many of the requirements in LKAS 1 unchanged and complementing them with new requirements. In addition, some LKAS 1 paragraphs have been moved to LKAS 8 and SLFRS 7.

SLFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the Statement of Profit or Loss
- Provide disclosures on Management-defined Performance Measures (MPMs) in the Notes to the Financial Statements
- Improve aggregation and disaggregation.

An entity is required to apply SLFRS 18 for annual reporting periods beginning on or after 01 January 2027, with earlier application permitted. SLFRS 18 requires retrospective application with specific transition provisions.

(v) SLFRS 19, "Subsidiaries without Public Accountability: Disclosures"

SLFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying SLFRS Accounting Standards in its Financial Statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces Consolidated Financial Statements available for public use that comply with SLFRS Accounting Standards.

SLFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply SLFRS 19 if, at the end of the reporting period:

- It is a subsidiary (this includes an intermediate parent)
- It does not have public accountability, and
- Its ultimate or any intermediate parent produces Consolidated Financial Statements available for public use that comply with SLFRS Accounting Standards.

Eligible entities can apply SLFRS 19 in their consolidated, separate or individual Financial Statements. An eligible intermediate parent that does not apply SLFRS 19 in its Consolidated Financial Statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 01 January 2027 with earlier application permitted.

(vi) Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and

IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 01 January 2026 with earlier application permitted.

(vii) Amendments to SLFRS 9 and SLFRS 7, 'Contracts Referencing Nature-dependent Electricity'

The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a Company's Financial performance and cash flows.

The amendments will take effect for annual reporting periods starting on or after 01 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the SLFRS 7 disclosure amendments must be implemented alongside the SLFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

Notes to the Financial Statements and Material Accounting Policy Information

(viii) Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37, “Disclosures about Uncertainties in the Financial Statements”

The IASB has published the final version of a set of examples that illustrate the reporting of the effects of uncertainties in Financial Statements through climate-related fact patterns. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements and effective date. Instead, these examples will accompany the respective IFRS Accounting Standards to which they relate.

3.2 Consolidation

3.2.1 Subsidiaries

Subsidiaries are those entities (including structured entities) over which the Group has control. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group, and continues to be consolidated until the date when such control ceases. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent company.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred if the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, unrealised gains and unrealised losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.3 Foreign currency translation

The Group's Financial Statements are presented in Sri Lankan Rupees (LKR) which is also the Group's functional currency. That is the currency of the primary economic environment in which the Group operates.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the Income Statement.

Notes to the Financial Statements and Material Accounting Policy Information

3.4 Financial instruments

3.4.1 Financial assets

3.4.1.1 Initial recognition and measurement

The Group classifies its financial assets into the following categories;

- (a) Financial assets at fair value through profit or loss (FVTPL),
- (b) Loans and receivables (LR),
- (c) Held to maturity (HTM) and
- (d) Available-for-sale (AFS)

The classification is determined by the management at initial recognition on the trade-date; the date on which the Group commits to purchase or sell the asset, and recognise initially at fair value plus transaction cost except in the case of financial assets at fair value through profit or loss which is recognised at fair value.

3.4.1.2 Subsequent measurement

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading and those designated at fair value through profit or loss at inception.

Investments typically bought with the intention to sell in the near future are classified as held for trading. When the Group is unable to trade these financial assets due to inactive markets and Management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

For investments designated as at fair value through profit or loss at the inception, the following criteria must be met:

- (a) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- (b) The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

The Group classified investments in equity instruments and unit trusts in the life shareholders' fund and unit-linked funds as financial assets at fair value through profit or loss hence those financial assets are managed and performance is evaluated on the fair value basis.

Loans and receivables (LR)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group intends to sell in the short-term or that it has designated as at fair value through profit or loss or available-for-sale. Receivables arising from insurance and reinsurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

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 investment income in the Income Statement.

Held-to-Maturity investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the 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 losses arising from impairment are recognised in the Income Statement. The Group did not have any held-to-maturity investments during the years ended 31 December 2025 and 2024.

Available-For-Sale Financial Assets (AFS)

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI in the available-for-sale reserve until the investment is derecognised except in the case of AFS assets of the Life policyholders' fund which is transferred to the long term insurance liability through the Statement of Comprehensive Income.

3.4.1.3 Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Notes to the Financial Statements and Material Accounting Policy Information

3.4.1.4 Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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. The impairment assessment is performed at each reporting date.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- (a) Significant financial difficulty of the issuer or debtor;
- (b) A breach of contract, such as a default or delinquency in payments;
- (c) It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- (d) The disappearance of an active market for that financial asset because of financial difficulties; or
- (e) Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of issuers or debtors in the group; or
 - National or local economic conditions that correlate with defaults on the assets in the group.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment 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 been incurred) discounted at the financial asset's original EIR. The carrying amount of the asset is reduced and the loss is recorded in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale financial assets

The Group assesses at each date of the Statement of Financial Position whether there is objective evidence that a financial asset or a group of financial assets are impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20 per cent or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement. If in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Income Statement.

3.4.2 Financial liabilities

3.4.2.1 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, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and includes directly attributable transaction costs.

3.4.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

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.

Gains or losses on liabilities held for trading are recognised in the Income Statement.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Notes to the Financial Statements and Material Accounting Policy Information

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the EIR method amortisation process.

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.

3.4.2.3 Derecognition of financial liabilities

A financial liability is derecognised 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income Statement.

3.4.3 Offsetting of financial assets

Financial assets and liabilities are off-set and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.5 Property, plant and equipment

Property, plant and equipment is stated at cost or revalued amount less accumulated depreciation and any accumulated impairment in value. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenses on repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

The Group has adopted a policy of revaluing the assets held at valuation on an annual basis. Revaluation is performed on freehold land by a professionally qualified valuer. Increases in the carrying amount arising on revaluation of land are credited to the OCI and shown as revaluation reserves in shareholders' equity. Decreases that off-set previous increases of the same asset are charged in the OCI and debited against revaluation reserves directly in equity. All other decreases are charged to the Income Statement.

Items of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the Income Statement under realised gains. When revalued assets are derecognised, the amounts included in the revaluation surplus are transferred to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows;

	No of years
Leasehold improvements	3-10
Plant and machinery	5
Computer equipment	3-5
Furniture and fittings	5
Motor vehicles	4-5

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Intangible assets

Intangible assets consist primarily of acquired computer software and contractual relationships, such as access to distribution networks.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life using the straight-line method 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 is accounted for by changing the amortisation period or method as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the intangible asset.

Notes to the Financial Statements and Material Accounting Policy Information

Estimated useful lives of the finite intangible assets are as follows;

	No of years
Contractual relationships	5 - 20
Computer software	2 -15

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the changes in useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

3.7 Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid financial instruments and bank overdrafts.

In the Statement of Financial Position, bank overdrafts are shown as a separate liability.

3.8 Stated capital

The Group's Stated Capital comprises of ordinary shares which are classified as equity. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

3.9 Insurance contracts

3.9.1 Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the Risk Based Capital (RBC) method plus any other mandatory reserves as required by the regulator. The liability is determined as the sum of the discounted value of the expected future benefits, which are directly related to the contract, less the discounted value of the expected future premiums. The liability is based on current regulatory and best estimate assumptions.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate via a liability adequacy test using a Gross Premium Valuation (GPV) method.

The liability value is adjusted if it is insufficient to meet future benefits and expenses. In performing the liability 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 discounted cash flow valuation method is applied. The interest rate applied is based on current market interest rates. Any inadequacy is recorded in the Income Statement by establishing a technical reserve for the remaining loss. The assumptions do not include a margin for adverse deviation. Impairment losses resulting from liability adequacy testing can be reversed in future years if the impairment no longer exists.

3.9.2 Trade receivables (Premium receivables)

Premium receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, premium receivables are measured at amortised cost, using the EIR method. The carrying value of premium 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.

Premium receivables are derecognised when the derecognition criteria for financial assets are met.

3.10 Reinsurance contracts

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

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 may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the Income Statement.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented in the Financial Statements on gross basis for ceded reinsurance contracts.

Notes to the Financial Statements and Material Accounting Policy Information

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

3.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in the OCI or directly in equity. In this case, the tax is also recognised in the OCI or directly in equity, respectively.

3.11.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

3.11.2 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The tax effects of carried forward unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred income tax assets and liabilities are off-set when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax related to fair value remeasurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in the OCI, is also credited or charged directly to the OCI and subsequently recognised in the Income Statement together with respective gains or losses.

3.12 Employee benefits

The Group has both defined benefit and defined contribution plans.

3.12.1 Defined benefit plan

A defined benefit plan is a post-employment benefit plan that defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the financial reporting period, together with adjustments for actuarial gains or losses from experience adjustments and changes in actuarial assumptions and past service costs. The defined benefit obligation is calculated annually by a qualified actuary using the "Projected Unit Credit method". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the equity in the OCI in the period in which they arise.

Past service costs are recognised immediately in the Income Statement.

3.12.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company and employees contribute to the Employees' Provident Fund (EPF) in terms of the Employees' Provident Fund Act, No. 15 of 1958 (as amended). Contributions in respect of permanent and contractual employees are remitted to the Central Bank of Sri Lanka. The Company also contributes to the Employees' Trust Fund (ETF) in terms of the Employees' Trust Fund Act No. 46 of 1980 (as amended). The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments are available.

Notes to the Financial Statements and Material Accounting Policy Information

3.13 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. Where 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

3.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Group leases various offices and vehicles. Rental contracts are typically made for fixed periods but may have extension options. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 01 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.15 Revenue recognition

3.15.1 Insurance related revenue

The premium income is recognised on accrual basis and net of reinsurance premium. The gross written premiums are recognised either where the policy is issued or the installment falls due.

3.15.2 Fee income

Policy administration charges, other contract fees and trust management fees are recognised on an accrual basis. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

3.15.3 Investment income

Interest income

Interest income is recognised on the time proportionate basis using EIR irrespective of the classification under LKAS 39. The amortisation of discount/premium is also treated as an interest income.

Dividend income

Dividend income is recognised when the right to receive payment is established irrespective of its classification of FVTPL or AFS which is the ex-dividend date for equity instruments.

3.15.4 Fair value gains and losses

Fair value gains and losses on AFS securities are recognised in the Statement of Comprehensive Income until such instrument is derecognised or impaired.

Fair value gains and losses on financial assets at FVTPL, are recognised in the Income Statement.

3.15.5 Realised gains and losses

Realised gains and losses recorded in the Income Statement include gains and losses on financial assets, property, plant and equipment, divestment of related entities.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original cost, amortised cost or carrying amount, depending on the classification of the assets and are recorded on occurrence of the sale transaction.

Notes to the Financial Statements and Material Accounting Policy Information

3.16 Claims, benefits and expenses recognition

3.16.1 Gross claims and benefits

Gross claims and benefits for insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on contracts, as well as changes in the gross valuation of insurance and liabilities. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

3.16.2 Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

3.17 Share-based compensation plans

AIA Group Limited (AIAGL) operates a number of share-based compensation plans, under which the Company receives services from the employees, directors, and officers as consideration for the shares and/or options of AIAGL. These share-based compensation plans comprise the Share Option Scheme (SO Scheme), the Restricted Share Unit Scheme (RSU Scheme) and the Employee Share Purchase Plan (ESPP).

The share compensation plans of AIA Group (consisting of AIAGL and its subsidiaries) offered to the Group's employees are equity-settled plans. Under an equity-settled share based compensation plan, the fair value of the employee services received in exchange for the grant of AIAGL's shares is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity in AIA Group Financial Statements. Any amounts recharged from AIAGL to the Company related to share-based payment arrangements are recognised as an expense in the Income Statement.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share and/or options granted. Non-market vesting conditions are included in assumptions about the number of shares that are expected to be vested. At each period end, the Group revises its estimates of the number of shares that are expected to be vested. Any impact of the revision to original estimates is recognised in profit or loss with a corresponding adjustment to related party payables. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and therefore the fair value of each tranche is recognised over the applicable vesting period.

Where modification or cancellation of an equity-settled share-based compensation plan of AIA Group occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification if non-market conditions are met.

Valuation methodology

The Group utilises a Monte-Carlo simulation model and / or discounted cash flow technique to calculate the fair value of the RSU and ESPP awards, taking into account the terms and conditions upon which the awards were granted. The price volatility is estimated on the basis of implied volatility of the AIAGL's shares which is based on an analysis of historical data since they are traded in the Stock Exchange of Hong Kong and takes into consideration the historical volatility of peer companies. The estimate of market condition for performance based RSUs is based on one-year historical data preceding the grant date.

4. CRITICAL ACCOUNTING ESTIMATES AND THE USE OF JUDGMENT

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Insurance contracts

4.1.1 Product classification

SLFRS 4; "Insurance Contracts", requires contracts written by insurers to be classified either as insurance contracts or investment contracts, depending on the level of insurance risk. Insurance contracts are those contracts that transfer significant insurance risk, while investment contracts are those contracts without significant insurance risk.

Accordingly, the Company performs a product classification exercise covering its portfolio of contracts to determine the classification of contracts to these categories. Product classification requires the exercise of significant judgement to determine whether there is a scenario (other than those lacking commercial substance) in which an insured event would require the Company to pay significant additional benefits to its customers. In the event the Company has to pay significant additional benefits to its customers, the contract is accounted for as an insurance contract.

The judgements exercised in determining the level of insurance risk deemed to be significant in product classification affect the amounts recognised in the Financial Statements as insurance and investment contract liabilities and deferred acquisition and origination costs.

Notes to the Financial Statements and Material Accounting Policy Information

4.1.2 Life insurance liabilities

SLFRS 4 permits a wide range of accounting treatments to be adopted for the recognition and measurement of insurance contract liabilities, including liabilities in respect of insurance contracts. The Company calculates insurance contract liabilities for traditional life and universal life insurance contracts using an RBC-based method plus any other mandatory reserves as required by the regulator, whereby the liability represents the present value of estimated future policy related outflows, less the present value of estimated future gross premiums to be collected from policyholders. This method uses best estimates assumptions for mortality, morbidity, lapse, expenses and investment yields. Interest rate assumptions can vary by product and are prescribed by regulation. Mortality, morbidity, lapse, and expense assumptions are based on annual experience studies, allowing for risk margins as prescribed by the Regulator. The Company exercises significant judgement in setting appropriate assumptions.

For unit-linked contracts, insurance contract liabilities represent the unit fund value, plus a non-unit reserve to cover the profit and loss account. Significant judgement is exercised in making appropriate estimates of gross profits, which are also regularly reviewed by the Company.

The judgements exercised in the valuation of insurance contract liabilities affect the amounts recognised in the Financial Statements as insurance contract benefits and insurance contract liabilities.

4.1.3 Liability adequacy testing

The Company evaluates the adequacy of its insurance contract liabilities at least annually. Liability adequacy is assessed by portfolio of contracts in accordance with the Company's manner of acquiring, servicing and measuring the profitability of its insurance contracts.

For traditional life insurance contracts, insurance contract liabilities are compared with the gross premium valuation calculated on a best estimate basis, as of the valuation date. If there is a deficiency, the net liability is increased by the amount of the deficiency.

Significant judgement is exercised in determining the level of aggregation at which liability adequacy testing is performed and in selecting best estimate assumptions. The judgements exercised in liability adequacy testing affect amounts recognised in the Financial Statements as commission and other acquisition expenses and insurance contract benefits and insurance and investment contract liabilities.

4.2 Fair value estimation

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels;

Level I	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level II	Inputs other than quoted prices included within level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level III	Inputs for the asset or liability that are not based on observable market data

The information regarding fair value hierarchy is given in Note 9.5 to the Financial Statements.

(a) Financial instruments in level I

The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the last traded price in an active market. These instruments are included in level I. Instruments included in level I comprise primarily investments in equity instruments traded in the Colombo Stock Exchange.

(b) Financial instruments in level II

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level II.

Instruments included in level II comprise primarily investments in Treasury bills and Treasury bonds issued by the Government of Sri Lanka.

Specific valuation techniques used to value financial instruments include;

- Present value of the estimated future cash flows based on observable yield curves;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the Financial Statements and Material Accounting Policy Information

4.3 Valuation of retirement benefit obligations

The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and staff turnover. Due to the long-term nature of these obligations, such estimates are subject to significant uncertainty. Details of the key assumptions used in the estimates are contained in Note 18 to the Financial Statements.

4.4 Taxation

Estimates are required relating to the amount of tax that will ultimately be payable and the availability and utilisation of losses to be carried forward. Judgement is required in determining the provision for taxes as tax treatment is often by its nature complex, and may not be finally determined until a formal resolution has been reached with the relevant tax authority. Judgement is also required in assessing the amount of deferred tax asset that can be recognised. Deferred tax assets relating to tax losses carried forward can only be recognised if it is probable that they can be used. A deferred tax asset can be used if there are future taxable profits to offset against the losses carried forward. This requires management to assess the likelihood, timing and expected amount of future taxable profits. Details of the estimates used in taxation are contained in Notes 11 & 38 to the Financial Statements.

5. RISK MANAGEMENT

5.1 Financial risk management

The primary source of financial risk to an insurer arises from its investment exposures and investment activities. Thus, the investment portfolios maintain a prudent approach in its

investment strategy and investment exposures to ensure that investment returns are optimised on a risk-adjusted basis and to ensure the Company operates within its defined risk appetite.

Risk appetite statements communicate the parameters and boundaries within which the business unit has opted to operate in relation to the identified financial risks. In the Company, the risk appetite framework has expressed the business unit's appetite as regards capital risk, liquidity risk, credit risk and market risk. The exposures and management information pertaining to these four risk aspects are within the scope of identified governance committees of the business based on the required technical expertise to provide effective oversight. Management information is submitted periodically to review and monitor these risks at these governance committees that convene as per their defined frequency of review.

Management of financial risks falls under the purview of the local Financial Risk Committee, which monitors the overall exposure of the Company to financial risks.

Total investments of the Company are managed separately through segregated funds with due consideration to their respective risk profiles, stakeholders and objectives.

The following table contains a high level summary of the investment exposures by the Company's investment portfolios. The Company keeps investment exposures within pre-determined strategic asset allocation limits, which are defined in order to generate superior investment returns without excessive exposure to high risk assets.

As at 31 December	2025 LKR '000	%	2024 LKR '000	%
Government securities	101,000,670	84.2	85,457,220	84.4
Reverse repurchase agreements	10,652,118	8.9	6,879,423	6.8
Corporate debt	6,035,474	5.0	6,852,209	6.8
Bank deposits	154,613	0.1	104,613	0.1
Equity	2,115,090	1.8	1,901,970	1.9
Total	119,957,965	100.0	101,195,435	100.0

Notes to the Financial Statements and Material Accounting Policy Information

In the case of unit-linked funds, the policyholder is the decision maker on asset allocation due to the investment choice provided to the policyholder to choose the preferred unit-linked fund/s to direct policy premium according to their risk appetite. As such, the unit-linked business' investment portfolios will maintain an exposure to equity investments even during periods of volatile equity markets as long as policyholders opt to remain invested in the unit-linked Growth Fund and unit-linked Balanced Fund. Policyholders opt to invest in these two funds to primarily benefit from 'Rupee Cost Averaging' over the long-term investment horizon.

Equity risk of the unit-linked business is managed by close monitoring of the asset class parameters in each unit-linked fund and by investing in equity in line with the equity investment philosophy of the Company. The Management believes that superior investment returns in equity investments can be secured over the long-term investment horizon by investing in fundamentally sound liquid blue-chip counters.

5.1.1 Liquidity risk

Liquidity risk is the uncertainty, arising from business operations, investments, or financing activities regarding a company's ability to meet payment obligations in full and on time under both current and stressed conditions. Liquidity adequacy is a measure or assessment of the ability of a company to meet these obligations within a defined time horizon. It is a function of the company's sources of liquidity relative to its liquidity needs. Liquidity sources can be internal or external, immediately available or within the defined time horizon. These include all funds, assets, and arrangements that allow an insurer to meet its liquidity requirements. Liquidity

needs encompass all current and expected payment obligations within the defined time horizon.

The Company has established a 12 month time horizon as the appropriate time horizon within which it must be able to meet its liquidity needs, being generally acknowledged as the critical period for companies to weather a stressed liquidity environment if they are to survive. It is expected that the Company will be able to meet its obligations in both current and stressed conditions for at least this time frame.

Controls in place to mitigate liquidity risk

- Management of liquidity risk is governed by the Liquidity Risk Standard which is a component of the Company's risk management framework and is incorporated in the investment mandates of the business. The Company defines liquidity risk appetite in terms of Liquidity Coverage Ratio which is defined for each core portfolio of the business.
- The liquidity adequacy is reviewed quarterly by the Financial Risk Committee to ensure sufficient liquidity under both current and stressed conditions for the next 12 months.
- The Company maintains a cash flow maturity profile within the investment portfolios of the Company in tandem with the risk appetite of each portfolio and cash flow needs.
- Minimum liquidity levels are incorporated into the Investment Mandate of each portfolio and are monitored on a daily basis.

The following table depicts the maturity profile of the investment portfolio on an undiscounted cash flow basis, designed and actively managed to align with the financial liabilities of the business.

As at 31 December 2025	1 year LKR '000	1 year – 5 years LKR '000	5 years – 10 years LKR '000	Over 10 years LKR '000	No stated maturity LKR '000	Total LKR '000
FINANCIAL ASSETS						
Available-for-sale						
Government securities	14,891,982	90,822,426	44,753,965	9,668,750	–	160,137,123
Equity instruments	–	–	–	–	47,033	47,033
Loans and receivables						
Reverse repurchase agreements	10,984,436	–	–	–	–	10,984,436
Corporate debt	752,625	8,309,045	–	–	–	9,061,670
Bank deposits	113,118	80,000	–	–	–	193,118
Fair value through profit or loss						
Equity instruments	–	–	–	–	2,068,057	2,068,057

Notes to the Financial Statements and Material Accounting Policy Information

As at 31 December 2025	1 year LKR '000	1 year – 5 years LKR '000	5 years – 10 years LKR '000	Over 10 years LKR '000	No stated maturity LKR '000	Total LKR '000
Other loans and receivables						
Trade receivables (Premium receivables)	610,236	–	–	–	–	610,236
Policy loans	–	–	–	–	74,985	74,985
Reinsurance assets	629	–	–	–	–	629
Other receivables	39,728	7,740	292	–	–	47,760
Cash and cash equivalents	1,097,290	–	–	–	–	1,097,290
	28,490,044	99,219,211	44,754,257	9,668,750	2,190,075	184,322,337
FINANCIAL LIABILITIES at Amortised Cost						
Lease liability	208,584	396,496	16,515	–	–	621,595
Agency commission payable	453,763	–	–	–	–	453,763
Franchise fee payable	71,985	–	–	–	–	71,985
Reinsurance liabilities	18,183	–	–	–	–	18,183
Bank overdraft	100,794	–	–	–	–	100,794
	853,309	396,496	16,515	–	–	1,266,320

As at 31 December 2024	1 year LKR '000	1 year – 5 years LKR '000	5 years – 10 years LKR '000	Over 10 years LKR '000	No stated maturity LKR '000	Total LKR '000
FINANCIAL ASSETS						
Available- for-sale						
Government securities	12,685,580	80,707,752	38,347,005	10,296,250	–	142,036,587
Equity instruments	–	–	–	–	39,903	39,903
Loans and receivables						
Reverse repurchase agreements	7,010,738	–	–	–	–	7,010,738
Corporate debt	2,072,783	6,838,510	1,642,500	–	–	10,553,793
Bank deposits	114,906	–	–	–	–	114,906
Fair value through profit or loss						
Equity instruments	–	–	–	–	1,862,067	1,862,067
Other loans and receivables						
Trade receivables (Premium receivables)	421,889	–	–	–	–	421,889
Reinsurance assets	21,505	–	–	–	–	21,505
Policy loans	–	–	–	–	124,517	124,517
Other receivables	30,304	8,173	732	–	–	39,209
Cash and cash equivalents	910,749	–	–	–	–	910,749
	23,268,454	87,554,435	39,990,237	10,296,250	2,026,487	163,135,863
FINANCIAL LIABILITIES at amortised cost						
Lease liability	343,191	443,439	–	–	–	786,630
Agency commission payable	480,375	–	–	–	–	480,375
Franchise fee payable	39,195	–	–	–	–	39,195
Bank overdraft	201,495	–	–	–	–	201,495
	1,064,256	443,439	–	–	–	1,507,695

The financial assets/liabilities of the subsidiary entity are not significant at Group level. Therefore the financial risk of the Group primarily arise from the disclosed company balances.

Notes to the Financial Statements and Material Accounting Policy Information

5.1.2 Credit risk

Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. Credit risk categories include default risk, spread risk and rating migration risk, each of which is defined below;

Spread risk

The risk of an adverse financial outcome arising from changes in the level or volatility of third party credit spreads. Credit spread moves can be caused by credit concerns (improving or worsening) on the issuer or from market factors (such as risk appetite and liquidity within the market).

Default risk

The risk of an adverse financial outcome arising from one or more third party default events. A default event includes a delay in repayments or interest payments, restructuring of borrower repayments / interest schedule, bankruptcy and repudiation / moratorium (for example, for sovereign counterparties).

Rating migration risk

The risk of an adverse financial outcome arising from a change in third party credit standing. As well as having a potential knock-on effect on spreads, rating movements can trigger solvency and accounting impacts (for example, where rules are based on counterparty ratings) and can drive management actions and the realisation of losses (for example, where Investment Mandates set counterparty and portfolio limits based on ratings).

Controls in place to mitigate credit risk

The management of credit risk is governed by the Credit Risk Management Policy which is embedded within the Investment Policy and incorporated in the Investment Mandates of the business.

Single counterparty exposures are monitored based on the counterparty exposure in comparison to the net assets of the counterparty.

All investments are denominated in Sri Lankan Rupees (LKR) and the Company does not maintain any investment exposures to assets held overseas.

Minimum investment grade rating criteria have been implemented for determining investment decisions.

The Company maintains a predominant exposure to Government securities and high grade corporate debt thus prudently managing credit default risk from these investments.

The Company places corporate debt investment exposures with counterparties with 'A' (lka) and above as assigned by Fitch Ratings Lanka Ltd. at the time of investment.

Rating movements on the Company's corporate debt investments are monitored on a monthly basis by the Investment Oversight Committee.

The investments portfolios are maintained with the Custodian bank, Deutsche Bank AG.

Government securities, including collateral from reverse repurchase agreements are held at Lanka Secure, which is maintained by the Central Bank of Sri Lanka.

All reverse repurchase agreements maintain its exposure to Government securities.

The Company carries out investment transactions through/with Investment Committee approved intermediaries.

Notes to the Financial Statements and Material Accounting Policy Information

The following table reflects the credit ratings of financial assets- debt instruments of the business as per the National Ratings by Fitch Ratings Lanka Ltd. and international ratings by Fitch as at 31 December 2025 and 2024.

As at 31 December 2025	Risk- free LKR '000	AAA LKR '000	AA+ LKR '000	AA- LKR '000	A+ LKR '000	A LKR '000	A- LKR '000	BBB+ LKR '000	BBB LKR '000	BBB- LKR '000	Non- rated LKR '000	Total LKR '000
Available-for-sale												
Government securities	101,000,670	-	-	-	-	-	-	-	-	-	-	101,000,670
Loans and receivables												
Reverse repurchase agreements	10,652,117	-	-	-	-	-	-	-	-	-	-	10,652,117
Corporate debt	-	257,395	-	1,625,000	-	4,153,080	-	-	-	-	-	6,035,475
Bank deposits	-	-	-	100,000	-	54,613	-	-	-	-	-	154,613
Trade receivables (Premium receivables)	-	-	-	-	-	-	-	-	-	-	610,236	610,236
Reinsurance assets	-	-	-	-	-	-	-	-	-	-	629	629
Policy loans	-	-	-	-	-	-	-	-	-	-	74,985	74,985
Other receivables	-	-	-	-	-	-	-	-	-	-	262,648	262,648
Cash and cash equivalents	16	10,912	-	315,583	3,987	97,008	667,447	-	186	2,151	-	1,097,290
	111,652,803	268,307	-	2,040,583	3,987	4,304,701	667,447	-	186	2,151	948,498	119,888,663

As at 31 December 2024	Risk- free LKR '000	AAA LKR '000	AA+ LKR '000	AA- LKR '000	A+ LKR '000	A LKR '000	A- LKR '000	BBB+ LKR '000	BBB LKR '000	BBB- LKR '000	Non- rated LKR '000	Total LKR '000
Available-for-sale												
Government securities	85,457,220	-	-	-	-	-	-	-	-	-	-	85,457,220
Loans and receivables												
Reverse repurchase agreements	6,879,423	-	-	-	-	-	-	-	-	-	-	6,879,423
Corporate debt	-	-	-	-	-	1,625,000	2,000,000	2,027,209	1,200,000	-	-	6,852,209
Bank deposits	-	-	-	-	-	50,000	54,613	-	-	-	-	104,613
Trade receivables (Premium receivables)	-	-	-	-	-	-	-	-	-	-	421,889	421,889
Reinsurance assets	-	-	-	-	-	-	-	-	-	-	21,505	21,505
Policy loans	-	-	-	-	-	-	-	-	-	-	124,517	124,517
Other receivables	-	-	-	-	-	-	-	-	-	-	222,384	222,384
Cash and cash equivalents	16	6,027	602	-	3,061	305,326	565,993	-	-	29,724	-	910,749
	92,336,659	6,027	602	-	3,061	1,980,326	2,620,606	2,027,209	1,200,000	29,724	790,295	100,994,509

Notes to the Financial Statements and Material Accounting Policy Information

As at 31 December	2025 LKR '000	2024 LKR '000
Carrying value of investments in reverse repurchase agreements*	10,652,118	6,879,423
Fair value of collateral*	12,142,318	7,257,319
Excess value of collateral	1,490,200	377,896
Margin	14%	5%

*The amounts stated above are inclusive of accrued interest.

5.1.3 Market risk

Market risk is the risk of adverse financial impact resulting from fluctuations in the level or volatility of prices of financial instruments and other market factors including interest rates, inflation and foreign-exchange rates. Market risk categories include interest rate risk, equity risk, foreign exchange risk, inflation risk, property risk, commodity risk and other risks

arising from alternative investments (for example hedge funds and private equity). The Company's primary source of market risks are interest rate risk and equity risk.

Although credit and liquidity risks are defined and managed as separate risks, the assessment of market risk does consider the interdependence between market risk and credit and liquidity risks (for example, market losses caused by illiquidity issues, sovereign default or a default of a systemically important counterparty) and also the capital risk arising from market risk.

Interest rate risk

The risk of an adverse financial impact due to changes in the absolute level of interest rates, in the shape or curvature of the yield curve or in any other interest rate relationship including volatility and spread between different yield curves.

The following table summarises the nature of the interest rate risk associated with financial assets.

As at 31 December 2025	Fixed interest LKR '000	Non-interest bearing LKR '000	Total LKR '000
Loans and deposits	257,632	80,001	337,633
Debt securities	117,842,875	–	117,842,875
Trade receivables (Premium receivables)	–	610,236	610,236
Reinsurance assets	–	629	629
Cash and cash equivalents	1,039,763	57,527	1,097,290
	119,140,270	748,393	119,888,663

As at 31 December 2024	Fixed interest LKR '000	Non-interest bearing LKR '000	Total LKR '000
Loans and deposits	280,279	66,622	346,901
Debt securities	99,293,465	–	99,293,465
Trade receivables (Premium receivables)	–	421,889	421,889
Reinsurance assets	–	21,505	21,505
Cash and cash equivalents	733,778	176,971	910,749
	100,307,522	686,987	100,994,509

Notes to the Financial Statements and Material Accounting Policy Information

Equity risk

Equity risk is the risk of adverse financial impact due to equity market dynamics (for example, individual spot or derivative price moves, index moves, volatility and correlation changes etc.). This risk applies to direct equity (the holding of equities, embedded equity options in liabilities) and to indirect equity (management fees on equity funds) positions. The information regarding equity is given in Note 9.2 and Note 9.3 of the Financial Statements.

Foreign exchange risk

Foreign exchange risk is the potential for the Company to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency.

The Company does not maintain foreign currency denominated assets in its investment portfolios and as such is not exposed to foreign exchange risk related to investments.

Risk oversight

Evaluating the impact of market risk, credit risk and liquidity risk are inbuilt into the investment decision-making process. The market risk, credit risk and liquidity risk of the investment

portfolios are monitored every month by the Investment Oversight Committee, a management level governance oversight committee responsible to oversee investments. The Board of Directors level governance oversight committee responsible to oversee investments is the Investment Committee which is a management committee approved by the Board of Directors. The Investment Committee monitors the market risk, credit risk and liquidity risk of the investment portfolios every quarter.

The capital risk of the Company is monitored by the Financial Risk Committee that convenes on a quarterly basis. The Financial Risk Committee also reviews the liquidity risk, credit risk and market risk of the investment portfolios.

Sensitivity analysis on market, equity and interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument at the reporting date will fluctuate in response to assumed movements in market interest rate. The management monitors the sensitivity of reported fair value of financial instruments on a regular basis by assessing the projected changes in the fair value of financial instruments held by the portfolios in response to assumed parallel shift in the yield curve by +/- 100 basis points.

As at 31 December	2025		2024	
	Net asset value LKR '000	Profit before tax LKR '000	Net asset value LKR '000	Profit before tax LKR '000
Impact to interest rate risk				
+ 100 basis points	(795,443)	(1,136,348)	(1,133,832)	(1,619,759)
- 100 basis points	808,998	1,155,711	1,217,655	1,739,508

Notes to the Financial Statements and Material Accounting Policy Information

The sensitivity analysis for equity risk is not illustrated as equity is held mainly in the unit-linked portfolios and the movement in asset values is charged to the respective policy liabilities and therefore does not impact the profit before tax and the net asset value of the Company.

Controls in place to mitigate market risk

The management of market risk is governed by the Asset Liability Management Standard which is embedded within the Investment Policy and incorporated in the investment mandates of the business.

The Company has defined the appetite for interest rate risk in terms of its impact on the RBC solvency which is reviewed on a monthly basis and is rebased and approved at Financial Risk Committee every quarter.

Also the Company sets itself a target asset duration based on the liability profile of the Company, in order to minimise the adverse impact from varying interest rates.

Monitoring of the equity exposures against the risk limits and benchmarks that are defined and refreshed on a periodic basis, depending on the risk appetite and the market conditions. Review of interest rate risk exposure against the risk appetites is included in the investment approval process of the Company.

All investments are denominated in LKR and the Company does not maintain any investment exposure to assets held overseas.

Fixed income investments are maintained mainly in Government securities which eliminate the credit risk premium volatility from the asset price and in high grade securities with relatively high credit ratings by Fitch Ratings Lanka Ltd.

The exposure to asset classes with high risk such as equity is maintained at a minimum level in portfolios with management discretion. There is no exposure to equity in the policyholders' investment portfolios, except for an equity holding in Serendib Land which is held outside the investment portfolio as at the reporting date.

The Company does not maintain any investment in commodities and any investment in derivative instruments, structured investment instruments or alternative investments.

5.2 Insurance risk

5.2.1 Life insurance

Frequency and severity of claims

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Company's underwriting procedures, with premiums varied to reflect the health condition and family medical history of the applicants. The Company uses reinsurance to manage claim volatility and accumulation risks. Medically impaired lives are charged higher insurance premiums.

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Company over the last five years is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be credible, the statistics generated by the data are used without reference to a benchmark table. Where this is not the case, the best estimate of future mortality is based on benchmark tables adjusted for the Company's overall experience. The Company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

Process used to decide on assumptions

(a) Mortality/morbidity

Internal investigations covering a five year period are conducted by claim type, subdivided by age. From these investigations crude incidence rates are derived. These crude rates are then smoothed via a process of graduation. Finally, a blend of the resultant graduated rates and the benchmark mortality rates is taken, weighted according to the credibility of the own experience.

(b) Persistency

An internal investigation is conducted by entry year and product type, subdivided by premium mode. From this investigation, crude persistency rates are derived, allowing for all of paid-up, premium holiday, lapse, surrender and revivals. Next, the weighted rates are assessed, and smooth assumptions are set taking into account past trends and the future outlook.

(c) Investment returns

Investment returns are set based on a long-term basis by considering the outlook of Government securities and other asset classes in the local market.

Notes to the Financial Statements and Material Accounting Policy Information

(d) Renewal expense level and inflation

Renewal expense levels are set by way of an expense investigation into the expenses of the Company over the last calendar year, with each expense being classified as acquisition/maintenance and then being assigned a driver based on how it may develop into the future. The expense assumptions are verified/adjusted for reasonableness using the latest business plan.

Inflation margins are set based on international economic projections for Sri Lanka.

Change in assumptions and sensitivity analysis

The main insurance risks to the life business are lapse and expense levels. A sensitivity analysis was conducted in 2025 with three stresses. 110.0 per cent expense levels and 120.0 per cent lapse levels along with the 80.0 per cent lapse levels for persistency. For all cases the impact to the policyholders' liabilities of assuming such a change was reflective of future conditions.

Increasing expense rates by 10.0 per cent would lead to an increase in policy liabilities of LKR 1,578 million; +1.6 per cent of the policy liability. Decreasing lapse rates by 20.0 per cent would lead to a decrease in policy liabilities of LKR 944 million; -1.0 per cent of the policy liability. Increasing lapse rates by 20.0 per cent would lead to an increase in policy liabilities of +LKR 862 million; +0.9 per cent of the policy liability.

Approximate converse impact could be expected in the profit/loss and the net assets of the Company.

5.3 Capital management

The focus of capital management is to maintain a strong capital base to support the business and business growth, and to satisfy regulatory capital requirements at all times. In view of this the Company has established the following objectives, policies and approach;

- (a) To maintain the required solvency level and provide security to policyholders.
- (b) To allocate capital efficiently and support the growth of the business by ensuring that returns on capital employed meets the requirements of shareholders and policyholders.

(c) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

(d) To maintain healthy capital ratios in order to support business objectives and optimise shareholder value.

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach in managing capital includes managing assets, liabilities and risks in a coordinated manner, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to strengthen the capital position of the Company in view of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity shareholders' funds. The capital requirements are routinely forecast on a periodic basis by the Management and the Board of Directors. The solvency margins are calculated on a monthly basis and shared with the Board of Directors on a quarterly basis. The Company maintains its capital base well above the minimum regulatory requirements of the IRCSL.

The responsibility for capital management is entrusted to the Chief Financial Officer (CFO) and as such the CFO is a key participant in discussions and decisions that impact asset-liability management, strategic asset allocation and solvency management.

Notes to the Financial Statements and Material Accounting Policy Information

6. INTANGIBLE ASSETS

	Note	Group/Company				
		2025			2024	
		Contractual relationships LKR '000	Computer software LKR '000	Capital work in progress LKR '000	Total LKR '000	Total LKR '000
Cost		7,762,480	1,761,203	113,161	9,636,844	9,533,239
(Less) Accumulated amortisation		(748,460)	(1,373,716)	–	(2,122,176)	(1,549,426)
Net book value as at 1 January		7,014,020	387,487	113,161	7,514,668	7,983,813
Additions		–	2,521	137,836	140,357	124,911
Amortisation charge	36	(504,791)	(147,006)	–	(651,797)	(572,750)
Amounts capitalised to intangible assets		–	180,582	(180,582)	–	–
De-recognition during the period		–	–	–	–	(21,306)
Net book value as at 31 December		6,509,229	423,584	70,415	7,003,228	7,514,668
Cost		7,762,480	1,944,306	70,415	9,777,201	9,636,844
(Less) Accumulated amortisation		(1,253,251)	(1,529,722)	–	(2,773,973)	(2,122,176)
Net book value as at 31 December		6,509,229	423,584	70,415	7,003,228	7,514,668

The useful life of assets relating to contractual relationships are determined by contract type and lie within individual contract terms.

Intangible assets include fully amortised assets still in use, the gross carrying value of which amounting to LKR 1,072,047,828 (2024 – LKR 939,688,612) as at the reporting date.

The Board of Directors has assessed potential impairment indicators of intangible assets as at 31 December 2025. Based on such assessment, no impairment indicators were identified, that require adjustments.

6.1 Disclosure on reporting of amortisation of intangible assets

The amortisation charge of the intangible assets is shown under operating and administrative expenses in the Income Statement.

6.2 Capital commitments – intangible assets

Capital expenditure on intangible assets approved by the Board of Directors is as follows:

	Group/Company	
	2025 LKR '000	2024 LKR '000
As at 31 December		
Approved and contracted for intangible assets	58,723	32,709

Notes to the Financial Statements and Material Accounting Policy Information

7. PROPERTY, PLANT AND EQUIPMENT

	Group/Company								
	2025							2024	
	Note	Free hold land LKR '000	Leasehold improvements LKR '000	Computer and telecommunication equipment LKR '000	Furniture, fittings, plant and machinery LKR '000	Motor vehicles LKR '000	Capital work-in progress LKR '000	Total LKR '000	Total LKR '000
Cost/revaluation		318,500	441,335	1,020,088	646,121	180,583	79,928	2,686,555	2,201,918
(Less) accumulated depreciation		–	(187,940)	(724,615)	(531,725)	(162,583)	–	(1,606,863)	(1,466,653)
Net book value as at 01 January		318,500	253,395	295,473	114,396	18,000	79,928	1,079,692	735,265
Additions		–	10,276	155,945	21,946	–	204,621	392,788	537,169
Amount capitalised in property, plant and equipment		–	57,332	29,491	95,551	–	(182,374)	–	–
Transfer cost		–	(40,926)	–	40,926	–	–	–	–
Transfer depreciation		–	4,848	–	(4,848)	–	–	–	–
Revaluation surplus	25	63,700	–	–	–	–	–	63,700	23,500
Depreciation charge	36	–	(47,848)	(150,193)	(56,251)	(3,000)	–	(257,292)	(203,289)
De-recognition during the period		–	–	(416,346)	(72,534)	–	–	(488,880)	–
Accumulated depreciation on de-recognition		–	–	416,201	72,534	–	–	488,735	–
Disposals		–	–	(358)	(35,966)	(40,352)	–	(76,676)	(76,032)
Accumulated depreciation on disposals		–	–	358	35,964	25,352	–	61,674	63,079
Net book value as at 31 December		382,200	237,077	330,571	211,718	–	102,175	1,263,741	1,079,692
Cost/revaluation		382,200	468,017	788,820	696,044	140,231	102,175	2,577,487	2,686,555
(Less) Accumulated depreciation		–	(230,940)	(458,249)	(484,326)	(140,231)	–	(1,313,746)	(1,606,863)
Net book value as at 31 December		382,200	237,077	330,571	211,718	–	102,175	1,263,741	1,079,692

Property, plant and equipment include fully depreciated assets still in use, the gross carrying value of which amounting to LKR 1,456,704,025 (2024 – LKR 1,182,219,505) as at the reporting date.

Notes to the Financial Statements and Material Accounting Policy Information

7.1 Fair value of land and ownership

An independent valuation of the Group's land was performed by valuers to determine the fair value of the land. As per the Group's accounting policy, the revaluation surplus is recognised in the Statement of Other Comprehensive Income (OCI) annually.

As at 31 December	Description of the Property	Location	Extent	Group/Company			
				2025		2024	
				Revalued amount LKR '000	Carrying value LKR '000	Revalued amount LKR '000	Carrying value LKR '000
AIA Insurance Lanka Limited	Freehold Land	No. 76 and No. 80, Kew Road, Colombo 2	25.48 (Perch at the price of LKR 15 million)	382,200	382,200	318,500	318,500

Valuation techniques used to derive level III fair values

Fair value of land has been derived by using the market comparable approach (Level III – Input for the asset that are not based on observable market data). Sales prices of comparable lands in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is market value per perch.

Description of the Property	Effective date of valuation	Valuation technique	Significant unobservable input	Inter relationship between key unobservable inputs and fair value measurement
Freehold Land	31 December 2025	Market comparable approach	Market value per perch	Positively correlated sensitivity

Valuation processes of the Group

On an annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's land. As at 31 December 2025 and 2024, the fair value of the land has been determined by an independent valuer, Mr T. M. H. Mutaliph; Chartered Valuer.

If stated on historical cost basis, the value of the land would be LKR 17,084,105 (2024 – LKR 17,084,105)

7.2 Capital commitments – Property, plant and equipment

Capital expenditure on property, plant and equipment approved by the Board of Directors is as follows;

As at 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Approved and contracted for property, plant and equipment	11,992	111,885

Notes to the Financial Statements and Material Accounting Policy Information

8. INVESTMENTS IN SUBSIDIARY

As at 31 December	Country of incorporation and place of business	Nature of business	Number of Shares	% holding	Company	
					2025 LKR '000	2024 LKR '000
Rainbow Trust Management Limited (measured at cost)	Sri Lanka	Provision of trust and ancillary services	100,000	100	1,000	1,000
			100,000	100	1,000	1,000

9. FINANCIAL INVESTMENTS

Financial investments are summarised by measurement category along with the fair values in the table below.

As at 31 December	Note	Group/Company			
		2025		2024	
		Carrying value LKR '000	Fair value LKR '000	Carrying value LKR '000	Fair value LKR '000
Loans and receivables	9.1	16,842,205	17,084,912	13,836,245	13,920,040
Available-for-sale financial assets	9.2	101,047,703	101,047,703	85,497,123	85,497,123
Financial assets at fair value through profit or loss	9.3	2,068,057	2,068,057	1,862,067	1,862,067
Total financial investments		119,957,965	120,200,672	101,195,435	101,279,230

9.1 Loans and receivables

As at 31 December	Group/Company			
	2025		2024	
	Amortised cost LKR '000	Fair value LKR '000	Amortised cost LKR '000	Fair value LKR '000
Amortised cost				
Corporate debt – listed	6,035,474	6,160,624	6,852,209	6,860,199
Reverse repurchase agreements	10,652,118	10,770,415	6,879,423	6,954,926
Bank deposits	154,613	153,873	104,613	104,915
Total loans and receivables	16,842,205	17,084,912	13,836,245	13,920,040

As at 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Loans and receivables at amortised cost		
Current	10,756,730	8,184,035
Non-current	6,085,475	5,652,210
Total loans and receivables	16,842,205	13,836,245

Notes to the Financial Statements and Material Accounting Policy Information

The fair values of loans and receivables have been estimated by comparing current market interest rates for similar instruments with the rates offered when the loans were first recognised, together with appropriate market credit adjustments except for the loans and receivables considered to be current of which fair value approximates the carrying value.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as loans and receivables. As at the date of the Statement of Financial Position, none of these financial assets are either past due or impaired.

The Company holds collateral for all reverse repurchase agreements. According to CBSL guidelines, collateral should be at least with an excess of four per cent - twelve per cent, depending on the tenure of the collateral, of the investment amount plus the total accruable interest.

The fair value of collateral held are as follows;

As at 31 December		Group/Company	
		2025 LKR '000	2024 LKR '000
Financial investment	Nature of the collateral		
Reverse repurchase agreements	– Government treasury bills	3,080,534	781,235
	– Government treasury bonds	9,061,784	6,476,084
		12,142,318	7,257,319

9.2 Available-for-sale financial assets

As at 31 December		Group/Company	
		2025 LKR '000	2024 LKR '000
Government securities		101,000,670	85,457,220
Equity instruments – listed		47,033	39,903
Total available-for-sale financial assets		101,047,703	85,497,123
Available-for-sale financial assets			
Current		3,803,486	2,982,137
Non-current		97,244,217	82,514,986
Total available-for-sale financial assets		101,047,703	85,497,123

The fair values of Government securities were determined using the market yields. The fair value of equity instruments are based on their last traded prices at the Colombo Stock Exchange as at the reporting date.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale. As at the date of the Statement of Financial Position, none of these financial assets are either past due or impaired.

Notes to the Financial Statements and Material Accounting Policy Information

9.3 Financial assets at fair value through profit or loss

As at 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Equity instruments – listed	2,068,057	1,862,067
Total financial assets at fair value through profit or loss	2,068,057	1,862,067
Financial assets at fair value through profit or loss		
Current	2,068,057	1,862,067
Non-current	–	–
Total financial assets at fair value through profit or loss	2,068,057	1,862,067

Equity instruments classified as fair value through profit or loss are designated in this category upon initial recognition. There are no non-derivative financial assets held for trading.

The fair value of equity instruments is based on their last traded prices at the Colombo Stock Exchange as at the reporting date. Changes in fair values of financial assets at fair value through profit or loss are recorded in 'fair value gains and losses' in the Income Statement.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as fair value through profit or loss. As at the date of the Statement of Financial Position, none of these financial assets are either past due or impaired.

9.4 Movement in the Group's financial instruments are summarised in the table below by measurement category:

	Note	Group/Company				
		2025			2024	
		Loans and receivables LKR '000	Available- for-sale LKR '000	Fair value through profit or loss LKR '000	Total LKR '000	Total LKR '000
Balance as at 01 January		13,836,245	85,497,123	1,862,067	101,195,435	79,876,015
Purchases/Advances		4,302,338	17,195,165	81,059	21,578,562	16,317,692
(Sales)/(maturities)		(1,304,613)	(3,454,425)	(421,918)	(5,180,956)	(3,618,581)
Realised gains		–	35,223	133,018	168,241	801
Amortisation of discount		8,235	1,030,426	–	1,038,661	774,893
Fair value gains recorded in Income Statement		–	–	413,831	413,831	713,355
Gross fair value gains recorded in the Statement of Other Comprehensive Income	27.1	–	744,191	–	744,191	7,131,260
Balance as at 31 December		16,842,205	101,047,703	2,068,057	119,957,965	101,195,435

Notes to the Financial Statements and Material Accounting Policy Information

9.5 Determination of fair value and fair value hierarchy

As at 31 December	Note	Group/Company	
		2025 LKR '000	2024 LKR '000
Level I			
Loans and receivables			
Corporate debt – listed	9.1	6,160,624	6,860,199
Financial assets at fair value through profit or loss			
Equity instruments – quoted	9.2	2,068,057	1,862,067
Available-for-sale financial assets			
Equity instruments – quoted	9.3	47,033	39,903
Level II			
Loans and receivables			
Bank deposits	9.1	153,873	104,915
Reverse repurchase agreements	9.1	10,770,415	6,954,926
Available-for-sale financial assets			
Government securities	9.2	101,000,670	85,457,220
Total financial assets measured at fair value		120,200,672	101,279,230

There were no transfers between I and II during the year.

▶ 10. POLICYHOLDER AND OTHER LOANS

As at 31 December	Note	Group/Company	
		2025 LKR '000	2024 LKR '000
Policy loans		74,985	124,517
Agent loans		224,455	194,099
Staff loans		47,760	39,209
Other loans		–	544
	10.1	347,200	358,369
(Less) Allowance for impairment losses – Agent loans	10.2	(9,567)	(11,468)
Total policyholder and other loans		337,633	346,901
Policyholder and other loans			
Current		145,026	116,250
Non-current		192,607	230,651
Total policyholder and other loans		337,633	346,901

Notes to the Financial Statements and Material Accounting Policy Information

10.1 Movement in policyholder and other loans

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	358,369	394,130
Loans granted during the period	384,918	336,244
Loan repayments during the period	(394,259)	(373,468)
Loans (written off)/written back during the period	(1,484)	256
Amortisation of (discount)/premiums	(344)	1,207
Balance as at 31 December	347,200	358,369

10.2 Movement of impairment on policyholder and other loans

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	11,468	8,492
Additional allowance for impairment during the period	(1,901)	2,976
Balance as at 31 December	9,567	11,468

A specific impairment allowance has been recognised against each of the individually impaired financial assets for the full amount of impairment.

▶ 11. DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity.

	Group/Company	
	2025 LKR '000	2024 LKR '000
Deferred income tax liabilities		
On fair value gains from Available-for-sale (AFS) instruments	(401,422)	(386,278)
Total deferred income tax liabilities	(401,422)	(386,278)

The deferred tax liability recognised by the Company during the year 2025 relates to the temporary differences arising from fair value gains on AFS instruments.

Notes to the Financial Statements and Material Accounting Policy Information

11.1 Movement in net deferred income tax liabilities

	Note	Group/Company	
		2025 LKR '000	2024 LKR '000
Balance as at 01 January		(386,278)	(6,634)
Deferred tax charge recognised during the year			
On unused tax losses	38	–	(4,455)
Deferred tax asset recognised during the year		–	4,455
		–	–
Deferred tax charge recognised in the Statement of Other Comprehensive Income			
On temporary difference from fair value differences		(15,144)	(379,644)
		(15,144)	(379,644)
Balance as at 31 December		(401,422)	(386,278)

▶ 12. REINSURANCE RECEIVABLES

Reinsurance receivable balance as at 31 December 2025 and 2024 are due within a period of 12 months, hence classified as current assets.

As per the contractual arrangements, the reinsurer is committed to reimburse the losses only upon payment of claims to the clients and hence does not hold any collateral as security against potential default by reinsurance counterparties.

The fair value of the reinsurance receivables approximate to its carrying value extensively due to the short-term maturities of these instruments.

▶ 13. TRADE RECEIVABLES/PREMIUM RECEIVABLES

Total trade receivable balances as at 31 December 2025 and 2024 are due within a period of 12 months, hence classified as current assets.

The fair value of trade receivables approximate to its carrying value extensively due to the short-term maturities of these instruments.

13.1 Movement in trade receivables

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	422,565	403,140	421,889	402,503
Premiums/fees receivable from customers	3,061,756	2,292,017	3,058,708	2,289,231
Collection of cash from customers	(2,873,327)	(2,272,592)	(2,870,361)	(2,269,845)
Balance as at 31 December	610,994	422,565	610,236	421,889

Notes to the Financial Statements and Material Accounting Policy Information

▶ 14. OTHER ASSETS

As at 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Inventory	33,846	4,589
Interest and dividend receivables	3,290,484	3,112,156
Tax recoverable	1,779,405	1,779,405
Deposits	52,689	57,547
Prepayments and advances	575,666	412,035
Total other assets	5,732,090	5,365,732
Other assets		
Current	2,733,567	2,309,217
Non-current	2,998,523	3,056,515
Total other assets	5,732,090	5,365,732

▶ 15. OTHER FUND ASSETS

As at 31 December	Group/Company			
	2025		2024	
	Carrying value LKR '000	Cost LKR '000	Carrying value LKR '000	Cost LKR '000
Government securities	632,762	616,689	494,385	483,540
Other assets	2,774	2,774	2,773	2,773
Cash and cash equivalents/(Bank overdraft)	2,244	2,244	2,167	2,167
Total other fund assets	637,780	621,707	499,325	488,480
Other fund assets				
Current	179,496	163,423	157,984	147,139
Non-current	458,284	458,284	341,341	341,341
Total other fund assets	637,780	621,707	499,325	488,480

The maximum exposure to credit risk at the reporting date is the carrying value of the other fund assets. As at the date of the Statement of Financial Position, none of these other fund assets is past due or impaired.

▶ 16. CASH AND CASH EQUIVALENTS

As at 31 December	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Short-term investments	1,047,474	739,360	1,039,763	733,778
Cash at bank and in hand	57,561	177,006	57,527	176,971
Cash and cash equivalents (excluding bank overdraft)	1,105,035	916,366	1,097,290	910,749

Notes to the Financial Statements and Material Accounting Policy Information

Cash and cash equivalents for the purpose of the Statement of Cash Flows, comprise the following.

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cash and cash equivalents	1,105,035	916,366	1,097,290	910,749
Bank overdraft	(100,794)	(201,495)	(100,794)	(201,495)
	1,004,241	714,871	996,496	709,254

17. INSURANCE LIABILITIES AND RELATED REINSURANCE ASSETS

As at 31 December	Notes	Group/Company					
		2025			2024		
		Gross LKR '000	Reinsurance LKR '000	Net LKR '000	Gross LKR '000	Reinsurance LKR '000	Net LKR '000
Long term policy liability	17.1	98,171,005	–	98,171,005	81,647,483	–	81,647,483
Life claims provision	17.2	1,030,056	(17,554)	1,047,610	846,552	21,505	825,047
Total insurance contract liabilities		99,201,061	(17,554)	99,218,615	82,494,035	21,505	82,472,530

17.1 Life insurance fund – Income Statement movement

The movement in the life insurance fund is as follows:

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	81,647,483	64,975,947
Balances that are transferred through the Income Statement		
Net income from life fund before surplus transfer and charges	17,488,324	12,715,914
Charges deducted from policyholders fund	2,162,595	1,671,501
Surplus from life insurance fund	(1,658,515)	(1,910,157)
Change in contractual liability	17,992,404	12,477,258
Balances that are transferred through the Statement of Other Comprehensive Income		
Changes in fair value of available-for-sale financial assets transferred to the long term insurance fund	693,713	5,865,779
Other movements in policyholder liability		
Fees and charges deducted from the life policyholder fund	(2,162,595)	(1,671,501)
Balance as at 31 December	98,171,005	81,647,483

Notes to the Financial Statements and Material Accounting Policy Information

17.2 Life claims provision

	Group/Company					
	2025			2024		
	Gross LKR '000	Reinsurance LKR '000	Net LKR '000	Gross LKR '000	Reinsurance LKR '000	Net LKR '000
Balance as at 01 January	846,552	21,505	825,047	701,634	207,920	493,714
Provisions released for claims paid	(7,871,285)	(10,267)	(7,861,018)	(6,839,085)	6,698	(6,845,783)
Provisions for claims registered during the period	8,054,789	(28,792)	8,083,581	6,984,003	(193,113)	7,177,116
Balance as at 31 December	1,030,056	(17,554)	1,047,610	846,552	21,505	825,047

▶ 18. RETIREMENT BENEFIT OBLIGATIONS

The Group has a retirement benefit scheme for the gratuity liability of its employees which is wholly unfunded. There were no changes in the scheme for the retirement gratuity obligations during the financial year.

The retiring gratuity is a statutory requirement in Sri Lanka under the Payment of Gratuity Act No. 12 of 1983.

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	476,020	394,378
Current service cost	54,192	44,438
Interest cost	57,122	51,269
Amounts recognised in the Income Statement	111,314	95,707
Remeasurements:		
Gains from change in financial assumptions	1,059	21,824
Actuarial losses due to changes in experience	13,373	(5,628)
Amounts recognised in the Statement of Other Comprehensive Income	14,432	16,196
Benefits paid	(20,913)	(30,261)
Balance as at 31 December	580,853	476,020

The principal actuarial assumptions used in determining the retirement benefit obligation are as follows;

	Group/Company	
	2025 Percentage per annum	2024 Percentage per annum
Future salary increase	10.00	11.00
Discount rate	11.00	12.00
Member withdrawal rate	8.00	8.00
Retirement age	57-60 years	57-60 years

Notes to the Financial Statements and Material Accounting Policy Information

Sensitivity analysis of key actuarial assumptions used;

	Group/Company					
	Future salary increase		Discount rate		Member withdrawal rate	
	1% increase LKR '000	1% decrease LKR '000	1% increase LKR '000	1% decrease LKR '000	1% increase LKR '000	1% decrease LKR '000
The effect on;						
– Retirement benefit obligations 2025	28,581	(26,034)	(26,834)	29,965	973	(1,056)
– Retirement benefit obligations 2024	23,233	(21,174)	(21,824)	24,354	732	(790)

Amounts for the current and previous five periods are as follows;

	2025 LKR '000	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000	2020 LKR '000
Defined benefit obligation	580,853	476,020	394,378	255,614	333,207	338,709

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit (PUC) method at the end of the reporting period, which is same as that applied in calculating the defined benefit obligation recognised in the Statement of Financial Position. There were no changes in the methods used in preparing the sensitivity analysis from prior years.

The below table provides the expected maturity analysis of defined benefit obligations.

Defined benefit obligation (LKR '000)	Less than 1 year	1-5 years	Above 5 years	Total
As at 31 December 2025	180,735	24,483	375,635	580,853
As at 31 December 2024	145,186	19,584	311,250	476,020

19. LEASES

19.1 Group leasing activities

The Group leases various offices and vehicles. Rental contracts are typically made for fixed periods of 6 months to 10 years including extension and termination options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets were not used as security for borrowing purposes.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor and not expected to have material impact on the Financial Statements.

Notes to the Financial Statements and Material Accounting Policy Information

19.2 Amounts recognised in the Statement of Financial Position

19.2 (a) Right-of-use assets – Leases

	Group/Company			
	2025			2024
	Buildings LKR '000	Motor vehicles LKR '000	Total LKR '000	Total LKR '000
Cost	1,627,328	21,909	1,649,237	1,524,545
(Less) Accumulated amortisation	(1,034,851)	(8,783)	(1,043,634)	(875,391)
Net book value as at 01 January	592,477	13,126	605,603	649,154
Additions	122,875	–	122,875	171,362
Terminations and lease expiry	(37,657)	(7,548)	(45,205)	(46,670)
Amortisation charge	(177,371)	(2,861)	(180,232)	(168,243)
Net book value as at 31 December	500,324	2,717	503,041	605,603
Cost	1,712,546	14,361	1,726,907	1,649,237
(Less) Accumulated amortisation	(1,212,222)	(11,644)	(1,223,866)	(1,043,634)
Net book value as at 31 December	500,324	2,717	503,041	605,603

19.2 (b) Lease liabilities

	Note	Group/Company	
		2025 LKR '000	2024 LKR '000
Balance as at 01 January		597,964	685,188
Additions		122,875	171,362
Interest for the period		83,323	92,748
Cancellation and modification		15,912	16,550
Rentals paid	19.4	(448,310)	(367,884)
Balance as at 31 December		371,764	597,964
Lease liabilities			
Current		71,864	265,149
Non-current		299,900	332,815
		371,764	597,964

Notes to the Financial Statements and Material Accounting Policy Information

19.3 Amounts recognised in the Statement of Profit or Loss

Amortisation charge of right-of-use assets

	Note	Group/Company	
		2025 LKR '000	2024 LKR '000
Buildings		(177,371)	(159,735)
Vehicles		(2,861)	(8,508)
Amortisation charge of right-of-use assets	36	(180,232)	(168,243)
Interest expense (included in finance cost)		(83,323)	(92,748)
Expense relating to short-term leases included within administrative expenses		(4,672)	(3,700)
		(268,227)	(264,691)

19.4 Amounts recognised in the Statement of Cash Flows

	Group/Company	
	2025 LKR '000	2024 LKR '000
Principal payment of lease liabilities	(360,315)	(271,436)
Interest paid – leases	(83,323)	(92,748)
Short-term lease rentals paid	(4,672)	(3,700)
Total cash outflow for leases	(448,310)	(367,884)

Notes to the Financial Statements and Material Accounting Policy Information

▶ 20. OTHER FUND LIABILITIES

A brief description and the movement of the “Agent Superannuation” fund is given below.

This fund is created for the benefit of the agency force. The fund accumulates contributions from both the Company and agents, based on a qualifying performance criteria which is a fixed percentage linked to their commissions. The fund invests in government securities and repurchase agreements in licensed commercial banks. Note 15 provides the breakdown of assets of the below fund liability amount.

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	499,325	404,632
Capital deposits	220,978	146,188
Capital withdrawals	(146,113)	(103,665)
Income/gains and losses	63,590	52,170
Balance as at 31 December	637,780	499,325

▶ 21. ACCRUALS AND OTHER PAYABLES

As at 31 December	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Policyholder advance payments		508,908	464,161	508,908	464,161
Agency commission payable		453,763	480,375	453,763	480,375
Franchise fee payable		71,985	39,195	71,985	39,195
Government taxes and levies		306,305	240,790	306,305	240,790
Accrued expenses	21.1	3,904,761	3,143,548	3,903,576	3,142,630
Related party payable	21.1	547,654	527,382	547,654	527,382
Other creditors		388,319	301,391	388,319	301,391
		6,181,695	5,196,842	6,180,510	5,195,924
Accruals and other payables					
Current		5,648,337	4,936,473	5,647,152	4,935,555
Non-current		533,358	260,369	533,358	260,369
		6,181,695	5,196,842	6,180,510	5,195,924

Notes to the Financial Statements and Material Accounting Policy Information

21.1 Movement in accrued expenses

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	3,670,930	3,175,231	3,670,012	3,174,024
Provisions during the year	5,061,554	4,843,371	5,060,629	4,842,123
Payments and reversals during the year	(4,280,069)	(4,347,672)	(4,279,411)	(4,346,135)
Balance as at 31 December	4,452,415	3,670,930	4,451,230	3,670,012
Accrued expenses				
Current	4,125,693	3,523,198	4,124,508	3,522,280
Non-current	326,722	147,732	326,722	147,732
	4,452,415	3,670,930	4,451,230	3,670,012

22. CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance as at 01 January	765,841	358,678	765,577	358,399
Provision	1,134,136	1,156,171	1,133,358	1,155,572
Payments	(1,070,549)	(624,894)	(1,069,903)	(624,282)
Income tax payable set-off against tax credits	(76,128)	(124,114)	(76,124)	(124,112)
Balance as at 31 December	753,300	765,841	752,908	765,577

23. DEFERRED REVENUE

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	54,108	58,972
Reinsurance recovered in advance in waiver of premium claims	218	(839)
Reinsurance recovered set-off against reinsurance assets	(4,031)	(4,025)
Balance as at 31 December	50,295	54,108

Notes to the Financial Statements and Material Accounting Policy Information

▶ 24. STATED CAPITAL

As at 31 December	Group/Company			
	2025		2024	
	Number of shares	LKR '000	Number of shares	LKR '000
Fully paid ordinary shares	36,227,985	3,201,922	36,227,985	3,201,922

The holder of ordinary shares have the right to receive dividend as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.

▶ 25. CAPITAL RESERVES

Revaluation reserve

Revaluation reserve consists of net surplus on the revaluation of property, plant and equipment.

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	301,416	277,916
Revaluation surplus arising during the year	63,700	23,500
Balance as at 31 December	365,116	301,416

▶ 26. RESTRICTED REGULATORY RESERVE

The RBC one-off surplus is the difference between policy liabilities computed using the minimum regulatory basis under the previous NPV based solvency regime and the "distribution basis adopted" as at 31 December 2017, and this was transferred to the "Restricted regulatory Reserve" as stipulated by the IRCSL. Direction #16 recommended this to be maintained unchanged until further notice from the IRCSL or until distributed to shareholders upon explicit approval of the IRCSL.

	Group/Company	
	2025 LKR '000	2024 LKR '000
Balance as at 01 January	6,080,848	6,080,848
Balance as at 31 December	6,080,848	6,080,848

▶ 27. REVENUE RESERVES

As at 31 December	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Available-for-sale reserve	27.1	936,652	901,317	936,652	901,317
Retained earnings	27.2	18,270,451	16,810,381	18,264,525	16,806,270
Total retained earnings		19,207,103	17,711,698	19,201,177	17,707,587

Notes to the Financial Statements and Material Accounting Policy Information

27.1 Available-for-Sale (AFS) Reserve

The available-for-sale reserves comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

	Note	Group/Company	
		2025 LKR '000	2024 LKR '000
Balance as at 01 January		901,317	15,480
Changes in fair value of available-for-sale financial assets	9.4	744,192	7,131,260
Deferred tax asset on AFS reserve	11	(15,144)	(379,644)
Changes in fair value of available-for-sale financial assets		729,048	6,751,616
Changes in fair value of available-for-sale financial assets transferred to the long term-insurance fund		(693,713)	(5,865,779)
Balance as at 31 December		936,652	901,317

27.2 Retained earnings

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
AIA Insurance Lanka Limited	18,264,525	16,806,270	18,264,525	16,806,270
Rainbow Trust Management Limited	5,926	4,111	–	–
Total retained earnings	18,270,451	16,810,381	18,264,525	16,806,270

▶ 28. NET WRITTEN PREMIUM

(a) Gross written premium

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Conventional	31,378,624	23,032,804
Unit-linked	489,054	540,844
Total gross written premium	31,867,678	23,573,648

Notes to the Financial Statements and Material Accounting Policy Information

(b) Gross reinsurance premium

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Conventional	(35,918)	(23,628)
Unit-linked	(799)	52
Total gross reinsurance premium	(36,717)	(23,576)
Net written premium	31,830,961	23,550,072

▶ 29. INVESTMENT INCOME

For the financial year ended 31 December	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Dividend income				
Financial assets at fair value through profit or loss	88,719	71,444	88,719	71,444
Available-for-sale financial assets	363	605	363	605
Total dividend income	89,082	72,049	89,082	72,049
Interest income				
Available-for-sale financial assets	11,505,951	9,777,718	11,505,951	9,777,718
Loans and receivables	1,509,332	1,766,118	1,509,326	1,766,118
Total interest income	13,015,283	11,543,836	13,015,277	11,543,836
Total investment income	13,104,365	11,615,885	13,104,359	11,615,885

▶ 30. FEE INCOME

For the financial year ended 31 December	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Policy administration charges and other policy related fees	2,162,596	1,671,337	2,162,595	1,671,337
Trust management fees	3,048	2,786	–	–
Total fee income	2,165,644	1,674,123	2,162,595	1,671,337

Notes to the Financial Statements and Material Accounting Policy Information

▶ 31. NET REALISED GAINS

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Property, plant and equipment		
Net realised gains/(losses)	(11,868)	50,736
Financial assets		
Available-for-sale financial assets		
Debt securities	35,223	234
Fair value through profit or loss		
Equity instruments	133,018	567
Total net realised gains from financial assets	168,241	801
Total realised gains	156,373	51,537

▶ 32. NET FAIR VALUE GAINS

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Fair value gains on financial assets at fair value through profit or loss	413,831	713,355
Total net fair value gains	413,831	713,355

▶ 33. OTHER OPERATING INCOME/(EXPENSES)

For the financial year ended 31 December	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Interest income on policy loans	24,598	36,159	24,598	36,159
Interest income on other loans	23,289	16,687	23,289	16,687
Interest income on cash and cash equivalents	17,241	21,482	16,773	21,074
Net foreign exchange gains/(losses)	(81,521)	70,510	(81,521)	70,510
Other miscellaneous income	1,944	64	1,945	64
Total other operating income/(expenses)	(14,449)	144,902	(14,916)	144,494

Notes to the Financial Statements and Material Accounting Policy Information

▶ 34. NET CLAIMS AND BENEFITS

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Death and disability	(2,215,505)	(1,679,242)
Surrenders and partial withdrawals	(1,890,043)	(2,238,306)
Maturities	(3,474,113)	(2,362,719)
Other claims	(511,796)	(666,554)
Gross claims and benefits	(8,091,457)	(6,946,821)
Claims ceded to reinsurers	(16,130)	(108,432)
Net claims and benefits	(8,107,587)	(7,055,253)

▶ 35. NET ACQUISITION EXPENSES

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Commission and franchise fees	(3,937,647)	(2,880,689)
Reinsurance commission	3,985	66,128
Net acquisition expenses	(3,933,662)	(2,814,561)

▶ 36. OPERATING AND ADMINISTRATIVE EXPENSES

For the financial year ended 31 December	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Employee benefit expenses	36.1	(3,589,370)	(3,061,931)	(3,589,370)	(3,061,931)
Administrative and establishment expenses		(3,656,328)	(3,508,738)	(3,655,569)	(3,507,706)
Selling expenses		(5,087,210)	(3,649,521)	(5,087,040)	(3,649,355)
Amortisation of intangible assets	6	(651,797)	(572,750)	(651,797)	(572,750)
Amortisation of right-of-use assets (ROU)	19.3	(180,232)	(168,243)	(180,232)	(168,243)
Depreciation	7	(257,292)	(203,289)	(257,292)	(203,289)
Other expenses	36.3	(313,358)	(255,135)	(313,358)	(255,135)
Total operating and administrative expenses		(13,735,587)	(11,419,607)	(13,734,658)	(11,418,409)

Notes to the Financial Statements and Material Accounting Policy Information

36.1 Employee benefit expenses

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Salaries and bonus	(1,968,983)	(1,617,570)
Contribution to defined contribution plans	(278,190)	(247,986)
Contribution to defined benefit plans	(111,314)	(95,707)
Staff welfare	(230,496)	(203,556)
Staff training	(66,855)	(53,584)
Other staff costs	(933,532)	(843,528)
Total employee benefit expenses	(3,589,370)	(3,061,931)

36.2 Share based payments

During the year, the AIA Group made grants of Restricted Share Units (RSUs) and Restricted Share Purchase Units to certain employees, directors and officers of the Group under the RSU Scheme and the ESPP.

RSU Scheme

Under the RSU Scheme, the vesting of the granted RSUs is conditional upon the eligible participants remaining in employment with the AIA Group during the respective vesting periods. RSU grants are vested either entirely after a specific period of time or in tranches over the vesting period. If the RSU grants are vested in tranches, each vesting tranche is accounted for as a separate grant for the purposes of recognising the expense over the vesting period. For certain RSUs, performance conditions are also attached which include both market and non-market conditions. RSUs subject to performance conditions are released to the employees at the end of vesting period depending on the actual achievement of the performance conditions. During the vesting period, the eligible participants are not entitled to dividends of the underlying shares.

Employee Share Purchase Plan (ESPP)

Under the Plan, eligible employees of the Group can purchase ordinary shares of AIAGL with qualified employee contribution and the AIA Group will award one matching restricted share purchase unit to them at the end of the vesting period for each two shares purchased through the qualified employee contributions (contribution shares). Contribution shares are purchased from the open market. During the vesting period, the eligible employees must hold the contribution shares purchased during the plan cycle and remain employed by the AIA Group. The level of qualified employee contribution is limited to not more than 5 per cent of the annual basic salary.

Recognised compensation cost

The total recognised compensation cost (net of expected forfeitures) related to various share-based compensation awards granted under the RSU Scheme and ESPP for the year ended 31 December 2025 is LKR 96 million (2024: LKR 59 million).

Notes to the Financial Statements and Material Accounting Policy Information

36.3 Other expenses

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Increase in provision for bad and doubtful debts	(1,441)	(2,976)
Other technical expenses	(154,568)	(90,897)
Investment expenses	(157,039)	(148,857)
Other non-technical expenses	(310)	(12,405)
Total other expenses	(313,358)	(255,135)

▶ 37. PROFIT BEFORE TAX

Profit before tax for the year is stated after charging all expenses including the following;

For the financial year ended 31 December	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Auditors' remuneration				
Audit	8,535	7,692	8,241	7,425
Non-audit	4,085	4,350	3,987	4,256
Directors'/Chief Executive Officer's emoluments	269,375	236,967	269,375	236,967
Directors' fees	19,250	11,600	19,250	11,600
Legal fees	20,741	(17,082)	20,741	(17,082)
Donations	6,787	10,186	6,787	10,186
Provision for bad and doubtful debts	1,441	2,976	1,441	2,976

▶ 38. INCOME TAX EXPENSES

For the financial year ended 31 December	Notes	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current income tax					
Current income tax expense		(1,134,136)	(1,151,716)	(1,133,358)	(1,151,117)
		(1,134,136)	(1,151,716)	(1,133,358)	(1,151,117)
Deferred income tax					
Deferred tax expense	11.1	–	(4,455)	–	(4,455)
Total income tax expense		(1,134,136)	(1,156,171)	(1,133,358)	(1,155,572)

The applicable tax rate is 30 per cent for 2025 and 2024 in terms of the Inland Revenue Amendment Act No. 45 of 2022.

Notes to the Financial Statements and Material Accounting Policy Information

38.1 Reconciliation of tax charge

For the financial year ended 31 December	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Profit before tax	3,804,162	3,890,448	3,801,569	3,888,450
Applicable tax rate	30%	30%	30%	30%
Tax at applicable rate	1,141,249	1,167,134	1,140,471	1,166,535
Add/(less) tax effect of the following items:				
Tax free investment (income)	(17,210)	(14,891)	(17,210)	(14,891)
Other non-deductible expenses	10,097	3,928	10,097	3,928
Tax charge for the year	1,134,136	1,156,171	1,133,358	1,155,572

▶ 39. PROFIT AFTER TAX

The profit after tax of the Company includes the surplus transferred from its life insurance business. The surplus transferred from the policyholders' fund for the financial year 2025 stood at LKR 1,659 million (2024 – LKR 1,910 million).

▶ 40. BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

For the financial year ended 31 December		Group		Company	
		2025	2024	2025	2024
Profit attributable to the Company's equity holders	(LKR '000)	2,670,026	2,734,276	2,668,211	2,732,879
Weighted average number of ordinary shares in issue ('000)		36,228	36,228	36,228	36,228
Basic earnings per share	(LKR)	73.70	75.47	73.65	75.44

▶ 41. DIVIDEND PER SHARE

The dividends paid in 2025 were LKR 1,196 million (LKR 33 per share) and dividends paid in 2024 were LKR 1,014 million (LKR 28 per share).

Notes to the Financial Statements and Material Accounting Policy Information

▶ 42. RELATED PARTY DISCLOSURES

42.1 Transactions with related entities

Transactions with related parties are recurring and carried out in the ordinary course of business. Outstanding balances at year end are unsecured and interest free. Settlement will take place in cash.

Details of significant related party disclosures are as follows:

Nature of transaction	AIA Holdings Lanka (Private) Limited		AIA Company Limited		AIA Group Limited		AIA Shared Services (Hong Kong) Limited		AIA Shared Services Sdn. Bhd.		AIAIT (Guangzhou) Company Limited	
	Immediate parent		Parent		Ultimate parent		Fellow subsidiary		Fellow subsidiary		Fellow subsidiary	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
For the year ended 31 December												
Group recharges – paid	–	–	308,983	343,789	99,715	62,080	572,857	442,794	22,549	16,067	236,284	229,321
Dividend paid	1,014,730	860,982	180,794	153,401	–	–	–	–	–	–	–	–
RI Premium	–	–	2,591	3,019	–	–	–	–	–	–	–	–
RI Commission	–	–	(333)	(38)	–	–	–	–	–	–	–	–

42.2 Transactions with Key Management Personnel of the Company or Parent and their close family members

The Key Management personnel of the Company include the Chief Executive Officer (CEO), Board of Directors and those of its parent and ultimate parent.

(a) Key Management Personnel compensation

Directors'/CEO's compensation

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Directors'/CEO's remuneration	129,452	115,735
Short-term employee benefits	96,772	79,677
Share based payments	39,420	37,755
Premiums paid for Directors and Officers Liability Policy *	3,731	3,800
Directors' fees	19,250	11,600
	288,625	248,567

* The insurance policy covers past and present Directors and Officers of the Company and its subsidiaries.

(b) Other transactions

Business transactions of Key Management Personnel

For the financial year ended 31 December	Group/Company	
	2025 LKR '000	2024 LKR '000
Premium paid on insurance policies taken by Directors in their individual capacity	819	762
	819	762

Notes to the Financial Statements and Material Accounting Policy Information

AIA Information Technology (Beijing) Company Limited		AIA Information Technology (Chengdu) Co. Ltd		AIA IT (M) SDN. BHD.		AIA Investment Management Private Limited		AIA Reinsurance Limited		PT. AIA FINANCIAL	
Fellow subsidiary		Fellow subsidiary		Fellow subsidiary		Fellow subsidiary		Fellow subsidiary		Fellow subsidiary	
2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
107,063	128,749	98,777	125,921	187,174	149,929	3,399	1,269	-	-	-	4,659
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	22,620	20,669	-	-
-	-	-	-	-	-	-	-	-	-	-	-

42.3 Transactions with related entities

Transactions by Key Management Personnel with other companies (Directors of the Company who were also Directors/Key Management Personnel of the following entities which have had transactions with the Company).

Company	Name of the Director	Position	Relationship	Details of financial dealings
AIA Group Limited	Biswa Prakash Misra	Chief Technology Officer/ Chief Life Operations Officer	AIA Group Limited is the parent of AIA Company Limited	This company has Intra-Group master services agreement and SOW relating to long- term incentive awards of employees of AIA Insurance Lanka Limited
AIA Shared Services (Hong Kong) Limited	Biswa Prakash Misra	Director	AIA Shared Services (Hong Kong) Limited is a fellow subsidiary of AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with AIA Shared Services (Hong Kong) Limited
AIA Shared Services Sdn. Bhd.	Biswa Prakash Misra	Director	AIA Shared Services Sdn. Bhd. is a fellow subsidiary of AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with AIA Shared Services Sdn. Bhd.

Notes to the Financial Statements and Material Accounting Policy Information

Company	Name of the Director	Position	Relationship	Details of financial dealings
AIA Information Technology (Guangzhou) Co. Ltd.	Biswa Prakash Misra	Director	AIA Information Technology (Guangzhou) Co. Ltd. is a fellow subsidiary of AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with AIA Information Technology (Guangzhou) Co. Ltd.
AIA Information Technology (Beijing) Company Limited	Biswa Prakash Misra	Director	AIA Information Technology (Beijing) Company Limited is a fellow subsidiary of AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with AIA Information Technology (Beijing) Company Limited
AIA Information Technology (Chengdu) Co. Ltd.	Biswa Prakash Misra	Director	AIA Information Technology (Chengdu) Co. Ltd. is a fellow subsidiary of AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with AIA Information Technology (Chengdu) Co. Ltd.
AIA Company Limited	Tan Hak Leh*	Director	AIA Company Limited is the parent of AIA Insurance Lanka Limited	This company has Intra-Group master services agreement and SOW relating to Group Distribution organised events with AIA Insurance Lanka Limited
AIA Group Limited	Tan Hak Leh*	Regional Chief Executive	AIA Group Limited is the parent of AIA Company Limited	This company has Intra-Group master services agreement and SOW relating to long-term incentive awards of employees of AIA Insurance Lanka Limited
AIA Investment Management Private Limited	Tan Hak Leh*	Director	AIA Investment management Private Limited is a fellow subsidiary of AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with AIA Investment Management Private Limited
Singer (Sri Lanka) PLC	Deepal Sooriyaarachchi	Director	No relationship with AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with Singer (Sri Lanka) PLC
People's Bank	Deepthi Prasad Lokuarachchi	Director	No relationship with AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with People's Bank

Notes to the Financial Statements and Material Accounting Policy Information

Company	Name of the Director	Position	Relationship	Details of financial dealings
Cargills Bank PLC	Hiran Asoka Pieris	Chairman/Director	No relationship with AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with Cargills Bank PLC
NDB Wealth Management Ltd.	Sarath Wikramanayake**	Director	No relationship with AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with NDB Wealth Management Ltd.
NDB Investment Bank Ltd.	Sarath Wikramanayake**	Director	No relationship with AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with NDB Investment Bank Ltd.
NDB Capital Holdings Limited	Sarath Wikramanayake**	Director	No relationship with AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with NDB Capital Holdings Limited
Sri Lanka Institute of Directors	Chathuri Munaweera	Director	No relationship with AIA Insurance Lanka Limited	AIA Insurance Lanka Limited has transactions in the ordinary course of business with Sri Lanka Institute of Directors

* Mr. Tan Hak Leh resigned from the position of Chairman and Director (Non-Executive) on 06 January 2025.

** Mr. Sarath Wikramanayake resigned from the position of Director (Independent Non-Executive) on 31 July 2025.

▶ 43. CONTINGENT LIABILITIES

43.1 Outstanding tax assessments

The Company has received assessments relating to income taxes under I-E basis for the years of assessment from 2010/11 to 2018/19. The Inland Revenue Department (IRD) has disallowed management expenses relating to the life insurance business, in raising assessments in relation to returns of income filed on I-E basis. Further, assessments have been raised for the years of assessment 2018/19, 2019/20, 2020/21 and 2021/22 by disputing returns of income filed on surplus basis. The Company disagreed with these assessments and appeals have been filed, following due process. Based on the stage of the respective appeals against the assessments in accordance with relevant administrative procedures, the appeals have been made to the Court of Appeal, the Tax Appeals Commission and the Inland Revenue Department. Total exposure of the assessment including penalties amounts to LKR 12,594 million.

Based on the information available and expert advice received, the Group is of the strong view that it is probable that the tax authority, as defined in IFRIC 23, will accept the tax treatment adopted by the Group in the Financial Statements and its returns of income. Therefore, no further accounting provisions or adjustments are required, in accordance with IFRIC 23.

However, in an event that the appeals against the assessments are not favourably concluded by the authorities, the income tax losses that have been indicated in the returns of income will cease to exist. In such an event, the deferred tax asset on tax losses that had already been recognised (LKR 2,367 million), will be required to be reversed and charged to the Income Statement together with any additional tax liabilities.

Notes to the Financial Statements and Material Accounting Policy Information

The IRD has also issued assessments in relation to VAT on Financial Services (FS), NBT on FS and SSCL on FS for years ending 2014, 2016, 2019, 2021 and 2022. The IRD is taking the position that AIA Insurance Lanka Limited is to be considered under the criteria of 'any person who carries on the business of supplying financial services in Sri Lanka' and hence liable to pay VAT, NBT and SSCL on FS. The Company disagreed with these assessments and appeals have been filed, following due process. Total exposure of such assessment is LKR 1,043 million. Based on the information available and expert advice received, the Directors are of the considered opinion that the ultimate resolution of the above contingency is unlikely to have a material adverse effect on the Financial Statements of the Company. Hence no provision has been made in the Financial Statements.

43.2 Bank guarantees

The Company has provided a bank guarantee to third party amounting to LKR 73 million as at 31 December 2025. This guarantee was not in relation to any facilities obtained by the Group. The expiration date of this guarantee is based on those legal and contractual requirements of each instance where the Group was required to provide such guarantee. The Directors do not expect any claim on this guarantee. Accordingly, no provision has been made in the Financial Statements.

43.3 Pending litigation

In the opinion of the Directors and the Company's lawyers, pending litigation against the Company will not have a material impact on the reported financial results or future operations of the Company.

▶ 44. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors recommended the distribution of a interim dividend of LKR 62.5 per share on 27 February 2026, as authorised by the Articles of Association of the Company, to be paid out of the profits for the year.

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to recommending the interim dividend of LKR 33 per share. Further, the Company has also complied with the requirements specified in the Regulation of Insurance Industry Act No. 43 of 2000 (as amended) and such other requirements set out by the Insurance Regulatory Commission of Sri Lanka prior to declaring such dividends.

In accordance with LKAS 10, "Events after the Reporting Period" the interim dividend that has been recommended by the Board of Directors has not been recognised as a liability in these Financial Statements as at 31 December 2025.

No other events have occurred since the date of the Statement of Financial Position that necessitates adjustments to/or disclosure in the Financial Statements.

157

SUPPLEMENTARY INFORMATION

Content

- 158 Five Year Summary
- 160 Distribution Network
- 164 Corporate Information

Five Year Summary

As at 31 December	2025 LKR '000	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000
Statement of Financial Position					
Group					
Assets					
Investments	113,563,524	95,108,291	75,029,665	49,581,522	58,283,182
Investments – Unit-linked	6,394,441	6,087,144	4,846,350	4,625,793	5,338,806
Property, plant and equipment	1,263,741	1,079,692	735,265	584,490	604,169
Other assets	15,929,801	15,692,665	16,226,610	10,848,490	8,042,632
Total assets	137,151,507	117,967,792	96,837,890	65,640,295	72,268,789
Equity and liabilities					
Equity					
Stated capital	3,201,922	3,201,922	3,201,922	3,201,922	511,922
Capital reserves	365,116	301,416	277,916	232,916	228,416
Restricted regulatory reserve	6,080,848	6,080,848	6,080,848	6,080,848	6,080,848
Available for sale reserve	936,651	901,317	15,479	(3,843,367)	38,257
Retained earnings	18,270,452	16,810,381	15,106,685	12,718,536	12,894,106
Total equity	28,854,989	27,295,884	24,682,850	18,390,855	19,753,549
Liabilities					
Insurance provision – Conventional	92,669,989	76,379,483	60,379,364	36,433,870	40,649,872
Insurance provision – Unit-linked	6,531,072	6,114,552	5,298,217	4,703,075	5,369,872
Other liabilities	9,095,457	8,177,873	6,477,459	6,112,495	6,495,496
Total liabilities	108,296,518	90,671,908	72,155,040	47,249,440	52,515,240
Total equity and liabilities	137,151,507	117,967,792	96,837,890	65,640,295	72,268,789
Long term – supplemental					
Assets					
Investments	93,628,256	77,303,707	60,184,282	36,163,680	41,429,475
Investments – Unit-linked	6,394,441	6,087,144	4,846,350	4,625,793	5,338,806
Other assets	5,105,551	4,234,432	4,933,521	4,642,527	3,708,496
Total assets	105,128,248	87,625,283	69,964,153	45,432,000	50,476,777
Liabilities					
Insurance provision – Long term	92,669,989	76,379,483	60,379,364	36,433,870	40,649,872
Insurance provision – Unit-linked	6,531,072	6,114,552	5,298,217	4,703,075	5,369,872
Other liabilities	5,927,187	5,131,248	4,286,572	4,295,055	4,457,033

Five Year Summary

As at 31 December	2025 LKR '000	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000
Total liabilities	105,128,248	87,625,283	69,964,153	45,432,000	50,476,777
Income Statement					
Total business (Group)					
Gross written premium	31,867,678	23,573,648	18,799,104	17,568,325	16,517,328
Gross reinsurance premium	(36,717)	(23,576)	(364,451)	(639,339)	(466,810)
Net written premium	31,830,961	23,550,072	18,434,653	16,928,986	16,050,518
Other revenue	15,825,764	14,199,802	13,488,425	8,806,719	7,423,528
Total revenue	47,656,725	37,749,874	31,923,078	25,735,705	23,474,046
Net claims and benefits	(8,107,587)	(7,055,253)	(6,808,969)	(6,446,807)	(4,771,809)
Change in contractual liability	(17,992,404)	(12,477,258)	(10,473,788)	(10,282,388)	(7,393,495)
Net acquisition expenses	(3,933,662)	(2,814,561)	(2,103,022)	(2,029,806)	(2,088,963)
Finance costs	(83,323)	(92,748)	(89,840)	(93,391)	(105,393)
Operating and administrative expenses	(13,735,587)	(11,419,607)	(8,851,428)	(5,789,987)	(6,545,621)
Profit before tax	3,804,162	3,890,447	3,596,031	1,093,326	2,568,765
Income tax expense	(1,134,136)	(1,156,171)	(1,128,986)	(287,777)	(796,754)
Profit for the period from continuing operations	2,670,026	2,734,276	2,467,045	805,549	1,772,011
Profit for the period	2,670,026	2,734,276	2,467,045	805,549	1,772,011
Surplus/(Deficit) transfer to shareholders' fund	1,658,516	1,910,157	990,860	(963,104)	1,129,751

INVESTOR INFORMATION

Financial year		2025	2024	2023	2022	2021
Return on net assets	%	9.51	10.52	11.45	4.22	8.79
Net assets per share	LKR	796.48	753.45	681.32	507.64	642.40
Basic earnings per share	LKR	73.70	75.47	68.10	22.24	57.63
Dividend per share	LKR	33.00	28.00	–	35.00	30.00
Dividend payout ratio	%	44.78	37.10	–	133.60	52.06
Employee Information						
Revenue per employee	LKR mn	44.96	39.24	37.65	35.94	34.32
Net profit per employee	LKR '000	2,519	2,842	2,909	1,125	2,591
Number of permanent employees	Nos.	1,060	962	848	716	684

Distribution Network

HEAD OFFICE

AIA Insurance Lanka Limited,
AIA Tower,
92, Dharmapala Mawatha,
Colombo 07

Tel : 011 231 0000
Fax : 011 244 7620
E-mail : lk.info@aia.com
Web : www.aialife.com.lk
Hotline : 011 231 0310
Hotline Fax : 011 471 5892

BRANCH OFFICE NETWORK

Ambalantota

143, Main Street, Ambalantota
Tel : 047 2223359 / 047 2223165

Ambalantota Region 1

143, Main Street, Ambalantota
Tel : 047 2223316 / 047 2225630

Anuradhapura

523 / 7,
Maithripala Senanayake Mawatha,
Anuradhapura
Tel : 025 771 0207

Anuradhapura Region 1

523 / 7,
Maithripala Senanayake Mawatha,
Anuradhapura
Tel : 025 771 0204

Avissawella

37, Kudagama Road, Avissawella
Tel : 036 771 0200 / 036 771 0201

Badulla

Sooriya Tower,
Mahiyangana Road, Badulla
Tel : 055 771 0200

Badulla Region 1

Sooriya Tower,
Mahiyangana Road, Badulla
Tel : 055 771 0250

Bandarawela

444 / 2, Badulla Road, Bandarawela
Tel : 057 771 0200

Bandarawela Region 1

444 / 2, Badulla Road, Bandarawela
Tel : 057 771 0200 / 057 771 0205 /
057 771 0208

Battaramulla Region 1

1006 / 4 A, Pannipitiya Road,
Battaramulla
Tel : 011 288 9811 / 011-288 9810 /
011 771 0412

Batticaloa

42/1, Trincomalee Road, Batticaloa
Tel : 065 771 0200

Chilaw

58, Second Floor, Colombo Road, Chilaw
Tel : 032 771 0200

Colombo City

815, Kotte Road, Athulkotte
Tel : 011 783 7741

Colombo Main 1

815, Kotte Road, Athulkotte
Tel : 011 783 7740

Colombo Main 2

815, Kotte Road, Athulkotte
Tel : 011 783 7701

Colombo Main 3

815, Kotte Road, Athulkotte
Tel : 011 783 7715

Colombo Main 4

815, Kotte Road, Athulkotte
Tel : 011 783 7716

Colombo Metro

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0289 / 011 231 0748

Colombo Region 1

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0411

Colombo Region 2

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0289 / 011 231 0748

Colombo Region 4

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0290

Colombo Region 5

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0237 / 011 231 0250

Colombo Region 6

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0250

Colombo Region 7

815, Kotte Road, Athulkotte
Tel : 011 783 7703

Colombo Region 9

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0610 / 011 231 0875

Colombo Region 10

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0578

Colombo Region 11

345, R A De Mel Mawatha, Colombo 03

Colombo Region 12

815, Kotte Road, Athulkotte
Tel : 011 783 7702

Colombo Region 14

815, Kotte Road, Athulkotte
Tel : 011 783 7702

Colombo Region 15

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07
Tel : 011 231 0290

Colombo Region 16

AIA Tower, 92, Dharmapala Mawatha,
Colombo 07

Dambulla Main

723 / 1, Anuradhapura Road, Dambulla
Tel : 066 771 0200

Distribution Network

Dambulla Region 1

723 / 1, Anuradhapura Road, Dambulla
Tel : 066 771 0225

Embilipitiya

210, Ground Floor, Nonagama Road,
Pallegama, Embilipitiya
Tel : 047 771 0255 / 047 771 0260

Embilipitiya Region 1

210, Ground Floor, Lanka Building,
Nonagama Road, Embilipitiya
Tel : 047 223 0417

Galle

31, Colombo Road, Kaluwella, Galle
Tel : 091 771 0200 / 091 771 0201

Gampaha

85, Bauddhaloka Mawatha, Gampaha
Tel : 033 771 0200 / 033 771 0201 /
033 771 0202

Gampaha Region 1

85, Bauddhaloka Mawatha, Gampaha
Tel : 033 771 0250

Gampaha Region 2

85, Bauddhaloka Mawatha, Gampaha
Tel : 033 771 0261

Gampola

8 / 38 / B / 1 / 1, Nawalapitiya Road,
Gampola
Tel : 081 771 0200

Horana Metro

240, Rathnapura Panadura Road, Horana
Tel : 034 771 0200 / 034 771 0201

Horana Region 1

240, Rathnapura Panadura Road, Horana
Tel : 034 771 0200 / 034 771 0201

Horana Region 2

240, Rathnapura Panadura Road, Horana
Tel : 034 771 0200 / 034 771 0201

Horana Region 3

240, Rathnapura Panadura Road, Horana
Tel : 034 771 0200 / 034 771 0201

Ja-Ela

112 / C, Negombo Road, Ja Ela
Tel : 011 771 0450 / 011 771 0451 /
011 771 0452

Jaffna

233, Stanley Road, Jaffna
Tel : 021 771 0200

Jaffna Metro

233, Stanley Road, Jaffna
Tel : 021 771 0250

Kalutara

195 / 2, Main Street, Kalutara South
Tel : 034 771 0230

Kalutara Region 1

195 / 2, Main Street, Kalutara South
Tel : 034 771 0262

Kalutara Region 3

195 / 2, Main Street, Kalutara South
Tel : 034 771 0282

Kaluwanchikudy

Batticoloa Road, Kaluwanchikudy
Tel : 065 771 0260

Kandana

34 / 1 / 1, Negombo Road, Nagoda
Junction, Welisara
Tel : 011 771 0481

Kandy

63, King's Street, Kandy
Tel : 081 771 0225

Kandy Region 1

63, King's Street, Kandy
Tel : 081 771 0281

Kandy City

63, King's Street, Kandy
Tel : 081 771 0250

Karapitiya

J S Building
244 / C 3 / 2, Hiribura Road,
Karapitiya, Galle
Tel : 091 771 0254

Karapitiya Region 1

J S Building
244 / C 3 / 2, Hiribura Road,
Karapitiya, Galle
Tel : 091 771 0275

Kegalle Region 1

447 / 8, Main Street, Kegalle
Tel : 035 771 0225 / 035 771 0226

Kegalle Region 2

447 / 8, Main Street, Kegalle
Tel : 035 771 0255 / 035 771 0250

Kegalle Region 3

447 / 8, Main Street, Kegalle
Tel : 035 771 0255 / 035 771 0250

Kilinochchi

47 / 2, Kandy Road, Kilinochchi
Tel : 021 771 0300

Kiribathgoda Metro

412 / 2, Gaala Junction, Kandy Road,
Kiribathgoda
Tel : 011 290 1664

Kiribathgoda Region 1

412 / 2, Gaala Junction,
Kandy Road, Kiribathgoda
Tel : 011 290 1660

Kiribathgoda Region 2

412 / 2, Gaala Junction, Kandy Road,
Kiribathgoda
Tel : 011 771 0525

Kuliyapitiya

215, Hettipola Road, Kuliyapitiya
Tel : 037 228 1867 / 037 771 0201

Kuliyapitiya Region 1

215, Hettipola Road, Kuliyapitiya
Tel : 037 228 1830 / 037 771 0232

Kurunegala

110 / 1, Noel Senevirathne Mawatha,
Colombo Road, Kurunegala
Tel : 037 222 3540 / 037 771 0252

Distribution Network

Kurunegala Region 1

110 / 1, Noel Senevirathne Mawatha,
Colombo Road, Kurunegala
Tel : 037 771 0302

Kurunegala Region 2

110 / 1, Noel Senevirathne Mawatha,
Colombo Road, Kurunegala
Tel : 037 222 1217 / 037 771 0300

Kurunegala Region 3

17, Rajapihilla Road, Kurunegala
Tel : 037 222 2668

Maharagama Main

132 / 1 / 1, Avissawella Road,
Maharagama
Tel : 011 771 0555 / 011 771 0556 /
011 771 0557

Mahiyanganaya City

13, First Floor, Kandy Road,
Mahiyanganaya
Tel : 055 771 0300

Mahiyanganaya Metro

13, First Floor, Kandy Road,
Mahiyanganaya
Tel : 055 771 0300 / 055 771 0301 /
055 771 0302

Matale

181, Nimali Building,
Trincomalee Street, Matale
Tel : 066 771 0275

Matara

24, E H Cooray Building, Third Floor,
Anagarika Dharmapala Mawatha, Matara
Tel : 041 771 0210 / 041 771 0212 /
041 771 0213

Matara Region 1

24, E H Cooray Building, Third Floor,
Anagarika Dharmapala Mawatha, Matara
Tel : 041 771 0250

Meerigama

33, Negombo Road, Meerigama
Tel : 033 771 0275

Meerigama Region 1

33, Negombo Road, Meerigama
Tel : 033 771 0275

Monaragala

50, Wellawaya Road, Monaragala
Tel : 055 771 0350 / 055 771 0351

Moratuwa City

553, Galle Road,
Rawathawatta, Moratuwa
Tel : 011 771 0571

Moratuwa Region 1

459 1 / 1, Galle Road,
Rawathawatta, Moratuwa
Tel : 011 771 0601 / 011 771 0602

Moratuwa Region 3

553, Galle Road,
Rawathawatta, Moratuwa
Tel : 011 771 0581 / 011 771 0582

Moratuwa Region 4

553, Galle Road,
Rawathawatta, Moratuwa
Tel : 011 771 0581 / 011 771 0582

Mannar

66 A, Pallimunai Road, Uppukulam,
Mannar

Negombo

349 / 17, Main Street, Negombo
Tel : 031 771 0211 / 031 771 0204

Negombo Region 1

349 / 17, Main Street, Negombo
Tel : 031 771 0234 / 031 771 0233

Nelliady

56, 58 and 60, Alavi Road
(Maya Vidyalaya Road), Karaveddy
Tel : 021 771 0350

Nugegoda

586, 586 / 1 / 1, High Level Road,
Nugegoda
Tel : 011 771 0630

Nugegoda City

586, 586 / 1 / 1, High Level Road,
Nugegoda
Tel : 011 771 0630

Nugegoda Region 1

132 / 1 / 1, Avissawella Road,
Maharagama
Tel : 011 7710562 / 011 228 37611 /
011 283 7488

Nuwara Eliya

86, Kandy Road, Nuwara Eliya
Tel : 052 771 0200

Nuwara Eliya Region 1

86, Kandy Road, Nuwara Eliya
Tel : 052 771 0200 / 052 771 0201 /
052 771 0202

Polonnaruwa

13 C, Crown Building,
Hospital Junction, Polonnaruwa
Tel : 027 771 0255

Polonnaruwa Region 1

13 C, Crown Building, Hospital Junction,
Polonnaruwa
Tel : 027 771 0201

Ragama City

61 A / 1 / 1, Mahabage Road, Ragama
Tel : 011 771 0655

Ratnapura

23 A, Bandaranayake Mawatha,
Ratnapura
Tel : 045 771 0200 / 045 771 0202

Trincomalee

253, North Coast Road, Trincomalee
Tel : 026 771 0200

Vavuniya

66, Station Road,
Vairavapuliyankulam, Vavuniya
Tel : 024 771 0200

Vavuniya Metro

66, Station Road,
Vairavapuliyankulam, Vavuniya
Tel : 024 771 0200

Wennappuwa

275 / A / 1, Airbuilding, Colombo Road,
Wennappuwa
Tel : 031 771 0280 / 031 771 0281

Distribution Network

AREA DEVELOPMENT OFFICE NETWORK

Akuressa

95 / 1 / 1, First Floor,
Matara Road, Akuressa
Tel : 041 228 4898

Ampara 1

149, Nidahas Mawatha, Ampara
Tel : 063 222 3664 / 063 222 3663 /
063 222 2554

Ampara 2

149, Nidahas Mawatha, Ampara
Tel : 063 222 2630

Ampara 3

66, D. S. Senanayaka Street, Ampara
Tel : 063 205 0159

Battaramulla

1006 / 4A, Pannipitiya Road,
Battaramulla
Tel : 011 288 9811 / 011 288 981 /
011 771 0400

Beliatte

14, First Floor, Dikwella Road, Beliatte
Tel : 047 225 1126

Colombo 7

76 / 2 / 2, Dharmapala Mawatha,
Colombo 3
Tel : 011 231 0264 / 011 231 0767

Dehiattakandiya

4, New Town, Dehiattakandiya
Tel : 027 225 0026 / 027 225 0448

Elpitiya

First Floor, 44, Ambalangoda Road,
Elpitiya

Homagama

113 / A / 1, Avissawella Road,
Homagama.
Tel : 011 771 0446 / 011 285 7160

Homagama City

113 / A / 1, Avissawella Road,
Homagama.
Tel : 011 771 0439 / 011 275 5987 /
011 275 5972

Kandy

15, Cross Street, Kandy
Tel : 077 604 6057

Matara

366 / 1 / 2, Galle Road, Pamburana,
Matara
Tel : 041 223 8540

Mathugama

60, Neboda Road, Mathugama
Tel : 034 224 9955

Mawanella

95, Second Floor, New Colombo Kandy
Road, Mawanella
Tel : 035 224 8760

Moratuwa

559, Galle Road, Rawathawatte,
Moratuwa
Tel : 011 771 4801

Panadura

575 / C, Galle Road, Panadura
Tel : 038 224 8120

Panadura City

150, Old Galle Road, Walana, Panadura
Tel : 038 211 7744

Piliyandala

82, First Floor, Horana Road, Kesbewa,
Piliyandala
Tel : 011 270 3644

Tissamaharama

173 / 1, Iresha Building,
Kachcheriyagama, Tissamaharama
Tel : 047 223 9096

REGIONAL DEVELOPMENT OFFICE NETWORK

Anuradhapura

562 / 106 / N2 / Technical Site, Stage III,
Anuradhapura
(Dahaiyagama Junction)
Tel : 025 753 4810 / 025 753 4811

Bandarawela

451, Badulla Road, Bandarawela
Tel : 057 750 8020 / 057 750 8021 /
057 750 8022 / 057 750 8023

Hatton

189 / A, First Floor, Dimbulla Road,
Hatton
Tel : 051 772 2796 / 051 772 2791 /
051 772 2796 / 051 772 2796

Kadawatha

179 / 1D, Kandy Road, Mahara,
Kadawatha
Tel : 011 745 5230 / 011 745 5231 /
011 745 5232 / 011 745 5233

Kandy

278, First Floor,
Katugastota Road, Kandy
Tel : 032 747 2230 / 032 747 2231 /
032 747 2232 / 032 747 2233

Malabe

463 / 1, Athurugiriya Road, Malabe
Tel : 011 788 5860 / 011 788 5887 /
011 788 5884 / 011 788 5865

Marawila

17 / D / 1, Mudukatuwa North, Marawila
Tel : 032 747 2230 / 032 747 2231/032
747 2232 / 032 747 2233

Matara

537, Galle Road, Walgama, Matara
Tel : 041 763 7650 / 041 763 7651 / 041
763 7652 / 041 763 7653

Minuwangoda

191, Colombo Road, Minuwangoda
Tel : 011 726 7121 / 011 726 7131 /
011 726 7132

Panadura

525, Galle Road, Panadura
Tel : 038 753 4202 / 038 753 4203 /
038 753 4204 / 038 753 4205

Vavuniya

27, Second Cross Street, Vavuniya
Tel : 024 750 1120 / 024 750 1121 /
024 750 1122 / 024 750 1123 /
024 750 1127 / 024 750 1128

Corporate Information

NAME OF THE COMPANY

AIA Insurance Lanka Limited
Company Registration No – PQ 18 PB

LEGAL FORM

A Limited Liability Company.

Incorporated in Sri Lanka on 12 December 1986 under the Companies Act No. 17 of 1982.

Re-registered under the Companies Act No. 07 of 2007.

Long-term Insurance Company licensed by the Insurance Regulatory Commission of Sri Lanka.

TAX PAYER IDENTIFICATION NUMBER (TIN)

134001356

DIRECTORS

Biswa Prakash Misra
Chathuri Munaweera
Stuart Anthony Spencer
Deepal Sooriyaarachchi
Indrajit Asela Wickramasinghe
Hiran Asoka Pieris
Deepthi Prasad Lokuarachchi
Upul Wijesinghe

CHIEF EXECUTIVE OFFICER / PRINCIPAL OFFICER

Chathuri Munaweera

DEPUTY CHIEF EXECUTIVE OFFICER

Upul Wijesinghe

COMPANY SECRETARY

Thusara Ranasinghe

CHIEF FINANCIAL OFFICER

Sampath Thushara

SPECIFIED OFFICER

Suresh Edirisinghe

ACCOUNTING YEAR

31 December 2025

SUBSIDIARY

Name of the Company	Holding	Principal Activity
Rainbow Trust Management Limited	100%	Trust Management

REGISTERED OFFICE / HEAD OFFICE

AIA Tower, 92, Dharmapala Mawatha, Colombo 07, Sri Lanka
Tele : 0094 11 231 0000
Fax : 0094 11 244 7620
E-mail : lk.info@aia.com
Web : www.aialife.com.lk

COMPANY REGISTRARS

SSP Corporate Services (Private) Limited
101, Inner Flower Road, Colombo 03, Sri Lanka
Tel : 0094 11 257 3894 /
0094 11 257 6871

AUDITORS

Messrs. Deloitte Partners
PO Box 918
No. 100, Braybrooke Place
Colombo 02

APPOINTED ACTUARY

Samath Perera
AIA Insurance Lanka Limited
AIA Tower, 92, Dharmapala Mawatha, Colombo 07, Sri Lanka

LAWYERS

Julius & Creasy
Attorneys-at-Law & Solicitors
371, R. A. De Mel Mawatha, Colombo 03, Sri Lanka

RE-INSURANCE PANEL – LIFE INSURANCE

Zurich Insurance Company Ltd

AIA Company Limited

AIA Reinsurance Limited

BANKERS

- Bank of Ceylon
- Commercial Bank of Ceylon PLC
- Deutsche Bank AG
- DFCC Bank PLC
- Hatton National Bank PLC
- National Development Bank PLC
- National Savings Bank
- Nations Trust Bank PLC
- Pan Asia Banking Corporation PLC
- People's Bank
- Sampath Bank PLC
- Seylan Bank PLC
- Standard Chartered Bank
- The Hongkong & Shanghai Banking Corporation Limited (HSBC)
- Union Bank of Colombo PLC
- Cargills Bank PLC

CUSTODIAN BANK

Deutsche Bank AG



**HEALTHIER, LONGER
BETTER LIVES**

AIA Insurance Lanka Limited
AIA Tower
92, Dharmapala Mawatha, Colombo 7
Sri Lanka

www.aialife.com.lk

