CO-OPERATIVE INSURANCE COMPANY PLC

REG NO: PQ 00255274

20th November 2026

Ms. Nilupa Perera

Chief Regulatory Officer

Colombo Stock Exchange

World Trade Centre, Echelon Square

Colombo 01.

Dear Madam,

Notification of Upgrade in Fitch National Insurer Financial Strength (IFS) Rating – Co-operative Insurance Company PLC

We wish to bring to your kind attention that Fitch Ratings has upgraded the National Insurer Financial Strength (IFS) Rating of Co-operative Insurance Company PLC from 'BB(lka)' to 'BB+(lka)', following the recalibration of the agency's Sri Lankan national rating scale subsequent to the recent sovereign rating upgrade.

The rating outlook remains Stable, as announced by Fitch Ratings on 19 November 2026.

The Fitch Ratings announcement is enclosed herewith for your reference.

Thanking You.

Yours faithfully,

Priyankara Rajapakshe

Chief Executive Officer

Fitch Upgrades Co-operative Insurance Company PLC's National IFS Rating following National Scale Recalibration; Outlook is Stable

Fitch Ratings, Colombo/Sydney, 18 November 2026:
Fitch Ratings has upgrarded Co-operative Insurance Company PLC's (CICPLC) National Insurer Financial Strength (IFS) Rating to 'BB+(lka)' from 'BB(lka)' following recalibration of the agency's Sri Lankan national rating scale following the recent sovereign rating upgrade. The outlook is stable.

The insurers' National Ratings take into consideration their creditworthiness relative to those of other issuers in the country. National scale ratings are a risk ranking of issuers in a particular market designed to help local investors differentiate risk. Sri Lanka's national scale ratings are denoted by the unique identifier '(lka)'. Fitch adds this identifier to reflect the unique nature of the Sri Lankan national scale. National scales are not comparable with Fitch's international rating scales or with other countries' national rating scales.

The national scale recalibration reflects changes in the relative creditworthiness of Sri Lankan issuers after Fitch upgraded Sri Lanka's Long-Term Local-Currency Issuer Default Rating (IDR) to 'B-' with Stable Outlook from 'CCC+' on 22 September 2026. For details, see "Fitch Ratings Recalibrates Sri Lanka's National Rating Scale", dated 21 October 2026".

KEY RATING DRIVERS
The National Rating upgrade is driven by the upgrade of Sri Lanka's Long-Term Local-Currency IDR and the recalibration of the national rating scale. The rating reflects the relative creditworthiness of Sri Lankan issuers. We believe the sovereign's credit profile improvement has reduced insurers' investment and liquidity risks, which are closely linked to those of the sovereign and domestic banks because insurers' investment portfolios are dominated by local-currency fixed-income government securities, corporate debt and deposits with financial institutions.

The upgrade reflects CICPLC's 'Moderate' company profile, recovering profitability and satisfactory capitalization.

Fitch has revised CICPLC's corporate governance assessment to 'Neutral' from 'Less Favorable', reflecting measures taken over the past two years to address prior weaknesses in its governance structure. CICPLC has an adequate franchise, supported by co-operative-society ownership, with a 3% share of non-life GWP and its position as the tenth-largest insurer in Sri Lanka in 2025.

CICPLC's operating performance has strengthened from weak historical levels, with annualized ROE rising to 6% in 1H26 from a three-year average of 0.3% and the combined ratio improving to 109% in 1H26, from 115% in 2025. However, profitability and underwriting performance remain weaker than those of higher-rated Fitch-rated domestic non-life peers. Capitalization is

satisfactory, with the RBC ratio remaining above 200% in 2022-2025 and standing at 210% at end-1H26.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Deterioration in the company profile, including a weaker franchise and competitive positioning, or Fitch's perception that the insurer's corporate governance practices have deteriorated;
- Sustained deterioration in financial performance, or weaker risk-management practices;
- Rising investment and asset risks, including a downgrade of the ratings of financial institutions or the sovereign.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Further improvement in the company profile, including a stronger business franchise and greater operating scale;

- Maintaining its combined ratio well below 105% for a sustained period, while our assessment of the insurer's capitalization remains unchanged

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