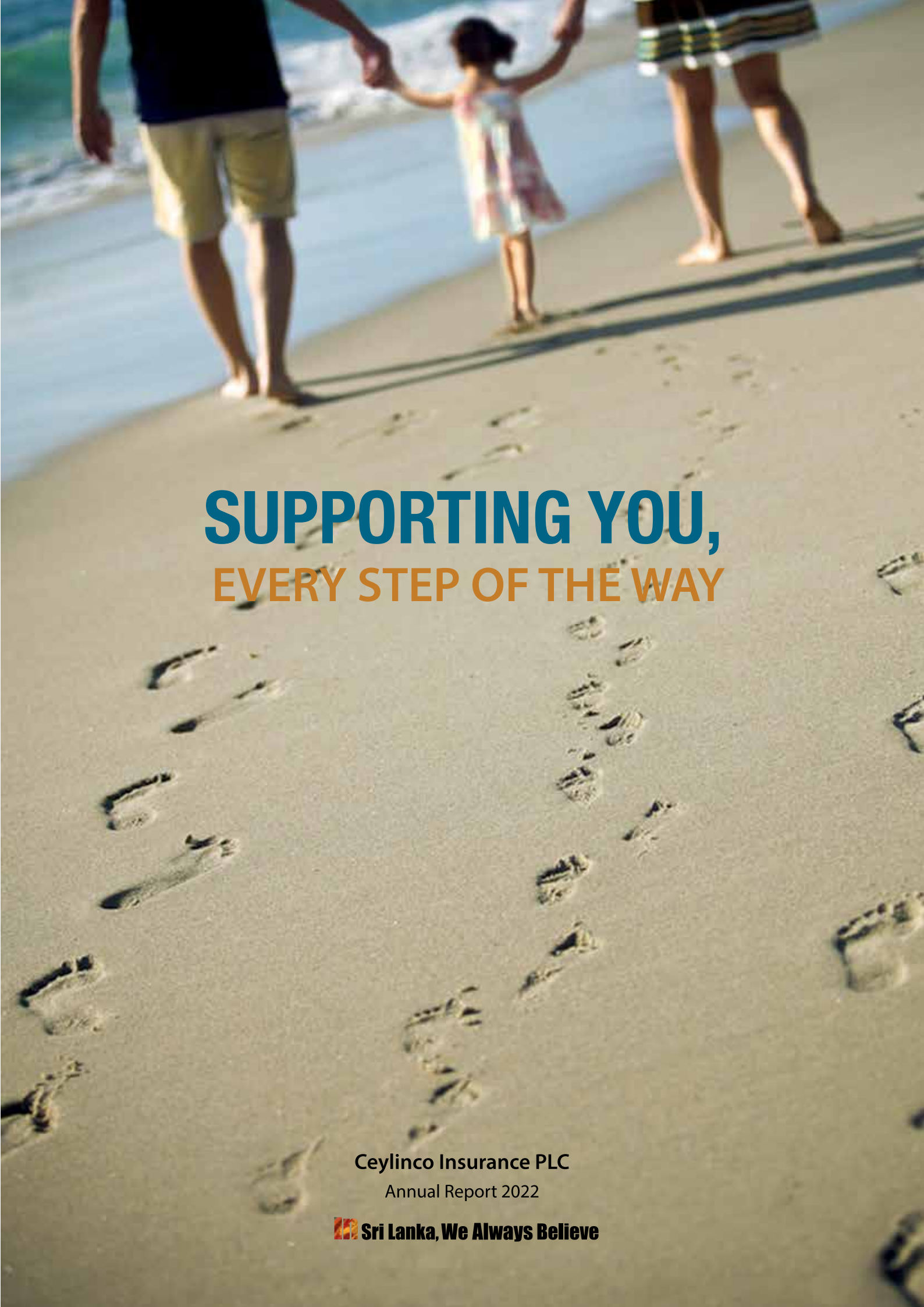


A photograph of a family walking away from the camera on a sandy beach. In the foreground, numerous footprints are visible in the sand, leading towards the family. The family consists of an adult on the left, a child in the middle holding hands with the adult, and another adult on the right. The ocean and waves are visible in the background under a bright sky.

SUPPORTING YOU, **EVERY STEP OF THE WAY**

Ceylinco Insurance PLC
Annual Report 2022

 **Sri Lanka, We Always Believe**

SUPPORTING YOU, EVERY STEP OF THE WAY

At Ceylinco Insurance PLC, we are equipped with the strength and agility to soar above obstacles and reach great heights of enrichment and transformation. Having faced tumultuous uncertainty, we remain fearless and passionate to serve our people and journey forward optimistically, into an ethical and prosperous future.

For 2023, we envision enhanced customer centricity and pledge to continuously provide guidance and support to our people and communities, empowering society beyond boundaries, paving the way forward for a jubilant tomorrow.

CONTENTS

Corporate Information	4
Financial Highlights	5

Executive Reviews

Executive Chairman/ Chief Executive Officer's Review	8
Deputy Chairman's Message	13
Board of Directors	16

Management Discussion & Analysis

Management Discussion & Analysis	24
----------------------------------	----

Governance

Corporate Governance	67
Board Audit Committee Report	72
Report of the Remuneration Committee	74
Report of the Related Party Transactions Review Committee	75
Nomination Committee Report	76
Statement of Directors' Responsibility on Financial Reporting	77
Financial Calendar - 2023	78

Financial Statements

Report of Directors	80
Independent Auditor's Report	88
Statement of Financial Position	92
Income Statement	93
Statement of Comprehensive Income	94
Statement of Changes in Equity	95
Statement of Cash Flows	97
Insurance Revenue Account	98
Notes to the Financial Statements	99
Quarterly Analysis 2022	193
Quarterly Analysis 2021	194
Ten Year Summary	195
Glossary of Financial & Insurance Terms	198
Notice of Meeting	200



**EXECUTIVE
REVIEWS**
Page 8



**MANAGEMENT
DISCUSSION &
ANALYSIS**
Page 24



**CORPORATE
GOVERNANCE**
Page 67



**FINANCIAL
STATEMENTS**
Page 79

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

Our Vision

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

Our Mission



About the Report

The Group's Annual Report 2022 marks the initial attempt to move towards an integrated reporting format in line with international best practices in corporate reporting. We understand that this report is still to fulfil many parameters in Integrated Reporting as we have had to strike a balance between presented complete and relevant information. As a diversified group we are in the process of establishing reporting links group-wide in order to offer better clarity and reliability in the report with each passing year.

About Us

As one of the most respected and diversified groups in Sri Lanka, Ceylinco Insurance PLC has established its credentials in the Insurance, Education and Power generation sectors for decades now. Our history can be traced as far back as 1939, when the company was originally registered as 'The Ceylon Insurance Company' which was, in fact, the first Ceylonese (Sri Lankan) company ever registered. As a customer centric Group that serves the emerging needs of customers in critically important sectors, the entity has made significant contribution to the progress, advancement and well-being of the nation. The recognition bestowed upon our companies year after year reflects the powerful brand equity that our group companies have created.

CORPORATE INFORMATION

Registered Office

"Ceylinco House"

No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

Company Website

www.ceylincoinsuranceplc.com

Company Registration Number

PQ 24

Legal Form

A Quoted Public Company with limited liability, incorporated in Sri Lanka in 1987.

Main Places of Business

Life Insurance

"Ceylinco Life Tower",

No. 106, Havelock Road,
Colombo 5, Sri Lanka.

Telephone : 2461000

Call Centre : 2461461 (Hotline)

Fax : 2555959

E-mail : service@ceylife.lk

Website : www.ceylincolife.com

General Insurance

"Ceylinco House",

No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

Telephone : 2485757-9

Call Centre : 2393939

Fax : 2485701

E-mail : ceylincoinsurance@ceyins.lk

Website : www.ceylinco-insurance.com

The Stock Exchange Listing

The Ordinary Shares (Voting and Non Voting) of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

Principal Activities

Management of Investment, Insurance Operations, Health Care Operations, Education and Power Generation.

Auditors

Ernst & Young,
Chartered Accountants,
No. 201, De Saram Place,
Colombo 10.

Consulting Actuaries

Life Insurance

Willis Towers Watson India Private Limited
Unitech Business Park, 2nd floor,
Tower - B, South City - 1, Sector 41
Gurgaon-122002, India.

General Insurance

M/s. K. A. Pandit

Consultants & Actuaries,
2nd Floor - "Churchgate House",
Veer Nariman Road,
Fort, Mumbai - 400 001, India.

Board of Directors

Mr. A.R. Gunawardena F.C.I.C., Honorary
Fellow - ICBT Campus, Associate Collage of
Cardiff Metropolitan University, U.K.
- Executive Chairman / Chief Executive
Officer (Executive Director)

Mr. R. Renganathan F.C.A., F.C.M.A.
(Non-Executive Deputy Chairman)

Mr. H.D.K.P. Alwis F.C.I.C.
- Executive Director/Chief Operating Officer-
General Insurance & Subsidiaries

Mr. E.T.L. Ranasinghe M.B.A., (Sri J.),
- Executive Director/Chief Operating Officer-
Life & Subsidiaries

Mr. T.N.M. Peiris B.A. (Econ.) (Hons.), F.C.A.,
F.C.M.A., F.C.I.C.
- Executive Director (Finance) / Head of
Finance

Mr. U. Witharana F.C.A., M.B.A., F.C.M.A.
- Executive Director/Chief Financial Officer

Dr. W.C.J. Alwis B.Sc., F.I.I.L., F.C.I.L. (Lond.),
F.I.O.D. (U.K.)
(Non-Executive Director)

Mr. P.D.M. Cooray LUTCF (U.S.A.), C.I.A.M.,
C.I.L. (AWARD)
- Executive Director/Head of Training

Mr. S.R. Abeynayake F.C.A., M.B.A.
(Sri J.), F.C.M.A.
(Non-Executive Director)

Mr. K.I. Dharmawardena Attorney-at- Law
(*"Independent" Non-Executive Director*)

Mr. D.H.J. Gunawardena F.C.M.A.
(U.K.), CGMA
(*"Independent" Non-Executive Director*)

Mr. P.A. Jayawardena F.C.A., F.C.M.A.
(Non-Executive Director)

Mr. Takashi Kishi
(Non-Executive Director)
-Appointed w.e.f. 03.06.2022

Mr. N. Vasantha Kumar M.B.A
(*"Independent" Non-Executive Director*)

Mr. N.D. Nugawela F.C.I.C.
(Non-Executive Director)

Mr. S.H.J. Weerasuriya B.Sc. (Lond.),
M.I.C.E., F.I.E. (S.L.), F.S.S.E. (S.L.), C. Eng.
(*"Independent" Non-Executive Director*)

Mr. Yu Kitai
(Non-Executive Director)
-Resigned w.e.f. 03.06.2022

Company Secretary

Mrs. Nilika Abhayawardhana
A.C.I.S. (U.K.) A.C.C.S (S.L.)

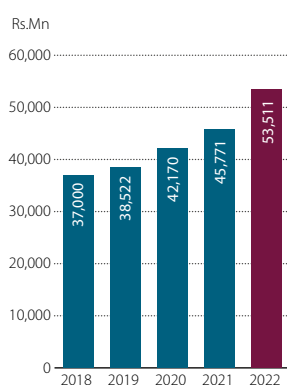
Bankers

Bank of Ceylon
Cargills Bank Limited
Commercial Bank of Ceylon PLC
DFCC Bank
DFCC Vardhana Bank
Hatton National Bank PLC
Housing Development Finance Corporation
National Development Bank PLC
National Savings Bank
Nations Trust Bank PLC
National Development Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Regional Development Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
State Mortgage and Investment Bank
Union Bank of Colombo PLC

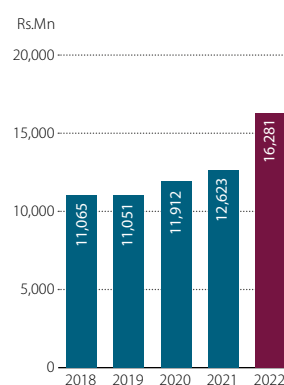
FINANCIAL HIGHLIGHTS

	GROUP		
	2022 Rs.'000	2021 Rs.'000	Change %
Gross Written Premium	58,239,661	47,881,540	22
Net Earned Premium	43,474,912	38,583,559	13
Investments and Other Income	27,586,625	17,664,054	56
Revenue From Subsidiaries	4,344,305	3,852,427	13
Net Income	77,020,273	60,613,392	27
Benefits /claims operation admin & other expenses	(61,682,273)	(49,294,828)	25
Profit Before share of Associates	15,338,000	11,318,564	36
Share of Profit of Associates	943,006	1,304,768	(28)
Profit Before Taxation	16,281,006	12,623,332	29
Profit After Taxation	13,255,891	10,060,649	32
Position at the Year End			
Shareholders' Funds	78,620,401	70,185,814	12
Life Insurance Funds	134,031,487	118,780,428	13
Non - Life Insurance Contract Liabilities	15,573,919	15,227,333	2
Investments	194,464,820	181,129,789	7
Total Assets	261,747,188	232,338,365	13
Market Capitalisation (Rs. Mn)	51,476	52,673	
Per Ordinary Share			
Earnings (Basic)	479	369	
Dividends - Proposed	45	42	
Net Assets (Shareholders' Equity)	2,976	2,657	
Market Value at the Year End - Voting	2,250	2,250	
Market Value at the Year End - Non Voting	1,027	1,197	
Ratios			
Return on Equity %	16.2	13.9	
Dividend Cover (Times)	11	8.8	
Price Earning (Times) - Voting	4.7	6.1	
Price Earning (Times) - Non Voting	2.1	3.2	

Premium Income- Life & Non Life



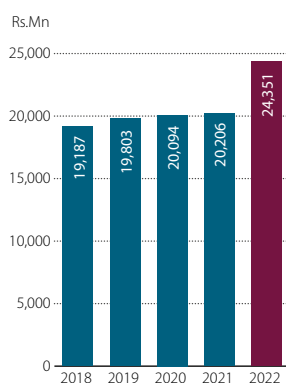
Profit Before Taxation



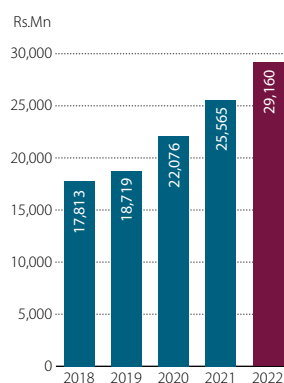
FINANCIAL HIGHLIGHTS

	Non - Life Insurance			Life Insurance		
	2022 Rs.'000	2021 Rs.'000	Change %	2022 Rs.'000	2021 Rs.'000	Change %
Gross Written Premium	24,351,536	20,206,104	21	29,160,164	25,565,050	14
Net Claims / Net Benefits	(7,830,283)	(7,063,541)	11	(18,969,266)	(12,736,308)	49
Increase in Long Term Insurance Funds				(13,375,957)	(11,803,985)	13
Investments and Other Income (including reinsurance commission)	7,515,387	2,534,915	196	20,071,237	15,129,139	33
Profit Before Taxation	3,913,420	1,747,523	124	9,911,580	8,545,373	16
Profit After Taxation	3,769,319	1,509,346	150	7,631,777	6,774,490	13

Premium Income - Non Life



Premium Income - Life





GUIDING YOU EVERY STEP OF THE WAY

EXECUTIVE REVIEWS

EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER'S REVIEW

Ceylinco Insurance PLC achieved consolidated Profit After Tax of Rs. 13.3 billion for the year ended 31st December 2022, reflecting a 32 % growth while Profit Before Tax reached Rs. 16.3 billion, marking a growth of 29 %. Meanwhile, total Group turnover reached the Rs. 77 billion mark.

Ajith R. Gunawardena

Executive Chairman/Chief Executive Officer



Dear Shareholders

It gives me great pleasure to welcome you to the 36th Annual General Meeting of Ceylinco Insurance PLC and to place before you the Annual Report and Audited Financial Statements for the year ended 31st December 2022.

The nation was unable to reap the dividends of the pandemic receding due to the emergence of the economic crisis which triggered enormous social and political unrest thereafter. Public discontent spread due to high inflation, food and fuel shortages, severe currency depreciation and a host of other challenges. The precarious economic situation that prevailed in the year under review created highly unstable operating conditions and against this backdrop the GDP was forecasted to fall by 7.8% by the end of 2022 and by 4.2% in 2023. The Government of Sri Lanka sought the support of the International Monetary Fund (IMF) to bail the economy out of its predicament. After protracted negotiations, the approval for the debt restructuring programme by IMF has infused optimism for the economy. The release of IMF's first tranche of financial support has kindled hope for an economic turnaround by the end of 2023.

Our theme for this annual report, 'Supporting you every step of the way' demonstrates our strategic approach and focus during the year under review. Through 2022, we supported our stakeholders, valued customers, suppliers as well staff in dealing with the economic conditions to the best of our ability. Our focus remained on ensuring stability and sustainability for the long-term and hence our decision-making and implementation was meticulously planned to ensure every step we took was underscored by sustainability.

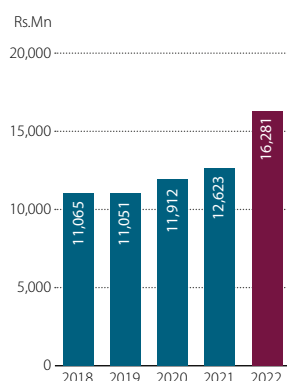
Being one of the leading diversified groups in Sri Lanka, Ceylinco Insurance PLC is present across various sectors and

had to take into consideration the impact of the crisis on each sector. However, through prudent management and a visionary approach, all the sectors of the Group performed well amidst the challenges.

Strong Performance amidst Extremely Volatile Conditions

Ceylinco Insurance PLC achieved consolidated Profit After Tax of Rs. 13.3 billion for the year ended 31st December 2022, reflecting a 32 % growth, while Profit Before Tax reached Rs. 16.3 billion, marking a growth of 29 %. Meanwhile, total Group turnover reached the Rs. 77 billion mark, an increase of Rs. 16.4 billion, with a growth of 27 % when compared to 2021. The adversity witnessed during the year under review tested the mettle of the company, but Ceylinco Insurance PLC surpassed expectations by recording growth and expansion in a challenging year.

Profit Before Taxation



Sector Performance

Insurance

Ceylinco General and Life Insurance Companies maintained their dominance as market leaders in both segments for yet another year, clearly positioning the two companies as the most sought-after insurers. The insurance industry in Sri Lanka largely competes on pricing but the two companies managed to retain leadership by rising above price wars to

compete successfully on customer service and satisfaction, which is an impressive achievement.

The two companies are spearheaded by Mr. R. Renganathan, Executive Chairman of Ceylinco Life, and Mr. Patrick Alwis, Chairman/Chief Executive Officer of Ceylinco General, astute leaders who have successfully led the entities amidst a crisis. The companies' stakeholders stayed loyal because of the empathy shown to them amidst an atmosphere of instability. – being their anchor amidst the storm.

The overall insurance industry, both Life and General, recorded Gross Written Premiums valued at Rs. 251.4 billion in 2022, which reflects an increase of 10.8% year-on-year. The General insurance industry recorded an overall growth of 12.5% with a premium income of Rs. 115.2 billion, mainly due to the 20.3% growth recorded by the non-motor segment. The Life insurance industry recorded growth of 9.2% with a premium income of Rs. 136.2 billion. Of this combined performance, General Insurance accounted for 46% of total premiums, while Life premiums accounted for 54%. The government's decision to ban vehicle imports continued to impact the general insurance industry for yet another year.

During the year under review, Ceylinco General Insurance recorded a premium income of Rs. 24.3 billion (Rs. 24,351 million), marking a growth of 20.5%, which is well above the overall growth of the industry, with an increase of Rs. 4,145 million over 2021. Profit after tax of Ceylinco General Insurance stood at Rs. 3.8 billion with a 150% increase whilst Profit before tax was Rs. 3.9 billion.

Ceylinco Life Insurance recorded a Premium Income of Rs. 29.2 Billion (Rs. 29,161 million) with a growth of 14.1% year on year. The Profit before tax of Ceylinco Life Insurance stood at a mammoth Rs. 9.9 billion. The company's

EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER'S REVIEW

Ceylinco General and Life Insurance Companies maintained their dominance as market leaders in both segments for yet another year, clearly positioning the two companies as the most sought-after insurers. The insurance industry in Sri Lanka largely competes on pricing but the company managed to retain leadership by rising above price wars to compete successfully on customer service and satisfaction, which is an impressive achievement.

Long Term Insurance Fund (Life Fund), one of the largest in the Sri Lankan life insurance sector, grew to Rs. 135 Bn by end 2022, reflecting a 12.7% growth over 2021.

Understanding hardships faced by customers, Ceylinco General Insurance took every possible step to settle genuine claims swiftly even during the peak of the fuel crisis and other chaotic situations and social unrest experienced during 2022. Gross Claims paid by Ceylinco General Insurance reached Rs. 10.7 billion. Similarly, Ceylinco Life Insurance paid claims and benefits to the tune of Rs. 19.2 billion. It is my duty to mention the untiring efforts of our staff who visited accident sites and conducted other inspections without any delay even at times when they were faced with difficulties on their home front.

Keeping in mind the volatile nature of economy, the Company ensured adequate cover to control exposure in line with its risk appetite by strengthening partnerships with the world's leading reinsurers. Considering the unusual circumstances, the company forged new partnerships with specialised reinsurers to cater to specific segments.

Strengthening our Global Presence

After establishing its leadership credentials in Sri Lanka, the Ceylinco Insurance brand has cemented its presence through

partnerships in the United Arab Emirates, Bahrain, Oman, Qatar and Saudi Arabia with much success. The Group holds a subsidiary in the Maldives, an associate company in Nepal and a strategic alliance in Mauritius. These overseas entities are demonstrating growth year on year, strongly backed by our experience and technical expertise. Ceylinco General Insurance is proud to impart its technical expertise and product innovation strategies with its overseas affiliations.

Having Mitsui Sumitomo Insurance of Japan as a key partner in the Group enhances the brand equity of the company and invites confidence in its financial management and stability. This strategic partnership with Mitsui Sumitomo offers a competitive edge to cater to Japanese clients in Sri Lanka.

Power and Energy Sector

It is heartening to see the power and energy sector steadily enhancing its footprint under the able guidance of the Director/CEO of the sector, Mr. Upali Witharana. The total revenue of the sector reached Rs. 525 million. With the increase in demand for renewable energy growing more than ever, the future of the power sector looks promising.

The Power and Energy sector occupied centre-stage during the year under review following the power shortage witnessed

in 2022. Electricity tariffs were increased as previous tariffs did not reflect the actual cost of generation. However, losses faced by the Ceylon Electricity Board (CEB) continued to mount with the rupee depreciation which was a result of the US Dollar being allowed to fetch market values. These losses become significant in terms of value as 60% of power generation in Sri Lanka comes from fossil fuels including coal.

As a result of this, CEB failed to honour the contractual agreements with private hydro and solar power generators and by the end of 2022 CEB owed them over 12 months of unpaid invoices for power supplied to the national grid. Many renewable power producers were pushed to the verge of bankruptcy as they could not meet operational expenses or pay salaries. This will have a disastrous effect on an already ailing economy as loss of employment will further add to its woes and CEB will be compelled to buy power at a higher rate to fill the gap.

The Power and Energy Sector of the Group now comprises of 4 small hydro power plants with a combined capacity of 15MW and four ground mounted solar power projects with a combined capacity of 4MW. The central mountains of Sri Lanka experienced high rainfall throughout the year 2022, resulting in achieving the target hydro power generation from our hydro power fleet. The 4 hydro power plants, namely Rajjammanna, Kumburuthaniwala, Loggal Oya Phase 1 & Phase 2 operated well during the year. Kumburuthaniwala (2MW) achieved 85%. Loggal Oya Phase 1 (1.6MW) achieved 80%. Loggal Oya Phase 2 (5MW) achieved 79%. Rajjammanna bypassed its target as usual by achieving 110%.

The Solar Power Projects, namely, EGHL Mathugama (2MW) and EGHL Galle (2MW) performed up to 85% of the target during the calendar year 2022 - the main reason for deviation being the scheduled

power shedding by CEB throughout 2022. Though rather late, we welcome the move by the government to formulate the consumer electricity prices to be cost reflective. This policy, if practiced into the long term, will pave the way to help recover CEB from its bankrupt position.

Education Sector

Quality education is reflective of a nation's progress. When an economic crisis hits a nation, it affects the education sector. Unlike other industries, when the education sector is affected, it leads to deterioration of the overall development of the nation and social issues such as youth unrest and unemployment, which could also lead to poverty. The negative economy had a direct impact on our industry in many ways, forcing students to revert to online education due to shortage of fuel – with further disruption to online classes due to long power cuts. Families found it difficult to pay school fees on time amidst skyrocketing inflation and in certain instances educational institutes were compelled to grant special payment plans and interest-free instalments to retain students and curtail drop-outs.

Against this challenging backdrop, Dr Jagath Alwis, Chairman of the Education sector, provided inspiring leadership and upheld the relevance of Ceylinco's two iconic institutions in Sri Lanka's higher education sector - making ICBT and ANC market leaders. In spite of a challenging backdrop the total revenue of the Education sector companies stands at Rs. 4.2 billion while a Profit after tax of Rs. 1.1 billion contributed to overall Group profit.

Though the crisis situation eased towards the middle of the year, the industry experienced difficulties till the last quarter. Despite challenges in the industry, both ICBT and ANC conducted their graduation ceremonies towards the end of the year in the customary manner. ICBT had 11 graduations while ANC conducted six. In

addition, several events were conducted in-person after a lapse of almost three years, giving students the much-needed feel of campus life.

Both state and private higher education institutes compete in the market for postgraduate qualifications due to the fact that the postgraduate qualifications are not offered free in state universities. CEG Education Holdings (Pvt) Ltd., the Education subsidiary of Ceylinco Insurance PLC, has a combined market share of around 60% of the Postgraduate market for its British MBAs and other Masters programmes particularly in Information Technology, Psychology, Business Management, Engineering and Law, to name few.

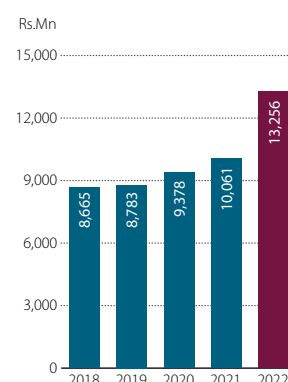
In another remarkable achievement during the year, the CEG Group acquired Alethea School (Pvt) Ltd. which is 95-year-old government-approved private school, and Alethea International School (Pvt) Ltd., thus expanding its footprint in the education sector in Sri Lanka.

The construction of the new 14-storeyed state of the art building of ICBT, adjacent to its 8-storeyed building at Duplication Road, Colombo 03 is now complete and students are reaping the benefit of the 200,000 sq. ft. facility. ICBT has received approval as a degree awarding institute from the Ministry of Higher Education and will offer its own Degree of Bachelors of Business Management (Honors) Degree and Bachelors of Science (Honors) Degree. In order to cater to the needs of students living in the provinces, ICBT has established branch campuses in Kandy, Kurunegala, Galle, Matara, Jaffna and Batticaloa and Gampaha.

ANC Education is the largest US education provider in Sri Lanka and an ISO 9001:2015 Certified Company, offering the widest range of opportunities for students transferring to US universities.

In addition to higher education, The Ceylinco Education Sector also owns and manages international recognized pre-schools and primary and secondary schools. Wycherley is the first and only comprehensive centre for Cambridge education from Year 1 to 13 and has achieved a quality of educational excellence which is on par with global standards. The first stage of the 6-storey building has commenced while protecting the heritage building, despite the skyrocketing construction costs and will be ready for occupation towards end 2023.

Profit after Taxation



Recognition and Rewards

The Group has established a reputation of introducing many firsts in each of the sectors in which it operates, inspired by its customer-focused and innovative approach. The Group delivered a compelling performance in the 2022 financial year, backed strongly by the will to remain at the forefront of all its sectors.

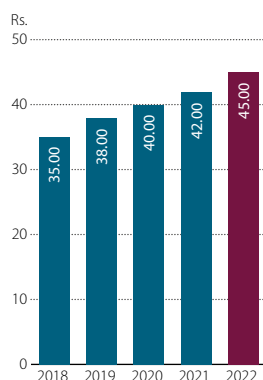
As a result of its pioneering efforts, group companies were bestowed with leading awards during the year:

Ceylinco Insurance was ranked in the 23rd position in the prestigious LMD 100 edition from amongst all listed companies in the island - the first-ever insurance entity from the industry to spearhead the ranking. Ceylinco Insurance has secured a spot in the LMD 100 hall of fame for the

EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER'S REVIEW

last 27 years. Ceylinco Insurance was also selected amongst the 'Business Today Top 40' companies in Sri Lanka in 2022. Further, Ceylinco General Insurance and Ceylinco Life Insurance were selected 'People's Insurance Brand of The Year' for a record 16th consecutive year in 2022, reflecting the respect and adoration of the brand by the public. In addition, an exclusive survey carried out on service providers by LMD amongst the general public resulted in Ceylinco General Insurance and Ceylinco Life Insurance being chosen as the most popular insurers for Service Excellence. This reaffirms the Group's customer-centric approach to business.

Dividends Per Share



Dividends

Along with ensuring the well-being of its stakeholders, the Group remains focused on growing shareholder wealth. I am delighted to propose a final dividend of Rs. 45 per share – the highest-ever offered by Ceylinco Insurance PLC. Offering a historically high dividend amidst the challenging economic conditions conveys to valued shareholders how much we value their investment in us.

Future Prospects

The economic crisis will require strong corrective measures to be taken to put the nation back on the path to prosperity. The intervention of the IMF offers hope for the future of the nation. Our Group is confident that our strategic sectors will

continue to grow amidst the uncertainties, well-supported by best-in-class human capital.

Appreciation

I am grateful to the President of Sri Lanka, His Excellency Ranil Wickremasinghe, for his leadership amidst the crisis to bring Sri Lanka back from the brink of an economic collapse.

I also wish to thank the Chairman, the Director General, and officials of the Insurance Regulatory Commission of Sri Lanka for their astute handling of the industry through the crisis period. The insurance ombudsman, Dr. Ranjith Ranarajah, has ably supported the industry with his wise counsel.

I appreciate our valued reinsurers and reinsurance brokers, actuaries and partner universities and local authorities who extended the greatest cooperation and understanding of the challenges we faced. I am deeply touched by shareholders' confidence in our ability to weather the storm.

I would like to express my special appreciation to Mr. Patrick Alwis and Mr. Upali Witharana, who stepped down from their positions as Executive Chairman / CEO and Managing Director of Ceylinco General Insurance respectively, for their tireless contribution. Their yeomen service has rendered the company to achieve great heights. They will continue to serve on the Board of Ceylinco Insurance PLC, the Holding Company.

I would also like to congratulate Dr. Jagath Alwis and Mr. Rex Gunathilake, who have taken over as Executive Chairman and Director/Chief Executive Officer of Ceylinco General Insurance respectively. I have the fullest confidence in their leadership to take the company to the next phase of growth.

Customers are at the centre of our endeavours and we will always tailor our products and services to enhance their lives. I truly value their loyalty to us.

Finally, I must laud the Ceylinco Family for showing dedication and hard work during the year.

Ajith R. Gunawardena

Executive Chairman/Chief Executive Officer

4th April 2023

DEPUTY CHAIRMAN'S MESSAGE

Ceylinco Life achieved a Gross Written Premium (GWP) of LKR 29.2 Bn for the period under review, reflecting a YoY increase of 14%. Furthermore, the Risk-based Capital Adequacy Ratio clocked in at 298%, well ahead of the regulator stipulated minimum of 120%, whilst Profit before tax reached LKR 9.9 Bn, a YoY increase of 16%.

R. Renganathan
Deputy Chairman



DEPUTY CHAIRMAN'S MESSAGE

Dear Stakeholders,

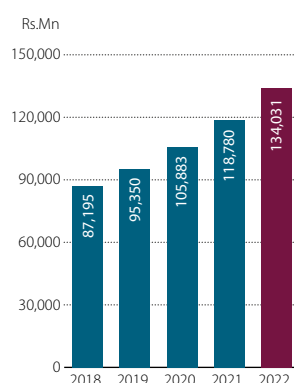
2022 unfolded a renewed set of challenges, just as we were regaining momentum, having battled the worst woes of a global pandemic. The year also demonstrated the resilience and perseverance of our nation and its people, in withstanding what was unexpected, and unprecedented. For us at Ceylinco Life, it was a year in which the Company's characteristic steadfastness enabled us to fortify our unwavering commitment to all our stakeholders.

Leadership in a Dynamic Operating Landscape

The challenging operating landscape exerted multiple impacts on the performance of Ceylinco Life Insurance Limited (Ceylinco Life). However, Ceylinco Life stood up gracefully to these evolving challenges, harnessing strength from 35 years of perfected proficiency in the life insurance business in Sri Lanka. The trilogy of indicators, viz. the highest Gross Written Premium (GWP), above average Capital Adequacy Ratios (CAR) and increased profitability, all performed satisfactorily, affirming our stance as the undisputed market leader in the life insurance sector in the country. GWP for the year was LKR 29.2 Bn, a YoY increase of 14 %, Risk-based Capital Adequacy Ratio clocked in at 298%, well ahead of the regulator stipulated minimum of 120% whilst Profit before tax reached LKR 9.9 Bn, a YoY increase of 16%. Additionally, the Long Term Insurance Fund (Life Fund), one of the largest in the Sri Lankan life insurance sector, grew to LKR 135 Bn by end 2022, reflecting a 12.7% growth over 2021. I am certain that this sustainable growth in our Life Fund spurs a deep sense of security in our policyholders in our steadfastness and unwavering ability to protect what is precious to them: the wellbeing of them and their loved ones.

The complexities that engulfed the year affirmed the necessity of efficient and agile corporate leadership. The Ceylinco Life's time-tested corporate governance framework, fully compliant with applicable regulations and reinforced with best practices, proved as a valid blueprint for Ceylinco Life Board of Directors and Strategic and Corporate Management team to be guided by, in navigating these complexities.

Long Term Insurance Fund



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

ESG Focused Stakeholder Value Creation

As Environmental, Social and Governance (ESG) aspects keep gaining traction across the world, Ceylinco Life continued to embrace them in our ethos, with conscious positive contribution made towards the United Nation's Sustainability Development Goals.

A strategic approach to identifying our key stakeholders and responding to their needs enabled us to generate meaningful value to them. As previously mentioned, we managed to generate sound profits despite the macro-economic hardships, thereby enhancing our shareholder wealth. We are pleased to announce that Ceylinco Life possesses sound liquidity and capital adequacy levels. We deployed concerted efforts in extending the best services to our policyholders. In our bid to stay relevant and ahead of the curve, we accelerated our digital drive for policyholder connectivity in the post-pandemic scenario, which augured well through the fuel crisis.

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

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

Ceylinco Life's efforts in environmental preservation forged ahead with added vigour during the year. Our Green House Gas (GHG) emissions for 2022 was 3,406 tCO₂e, which is a 17% reduction compared with 4,104.97tCO₂e in 2021. We are on a progressive journey towards

minimising our carbon footprint on our own accord, as we are of the conviction that the true-spirit of achieving near or net-zero emissions lies in streamlining our own processes to be more environmentally friendly.

Prospects

The approval of the Extended Fund Facility arrangement by the International Monetary Fund (IMF) will set the country on the right path to recovery. However, declining disposable incomes and a weaker global environment for Sri Lanka's export markets may create headwinds in the short term. This will however be offset to a certain extent by improved foreign remittances and increased tourism earnings.

It is imperative that good governance, transparency and accountability are instilled within the country's governing mechanisms as any further deterioration in the same might excessively compromise Sri Lanka's resilience.

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

Acknowledgement

I wish to place on record appreciation for Ceylinco Life's Directors for their wise counsel in navigating a challenging year. I take this opportunity to express my gratitude to the Chairman and the Board of Directors of Ceylinco Insurance PLC for their guidance.

I wish to thank the Chairman and the Director General of the Insurance Regulatory Commission of Sri Lanka for their guidance in steering the industry through the tumultuous times. My heart-felt appreciation goes out to each and every one of the Ceylinco Life family spread right across the country, for their passion, purpose and perseverance in rallying around the Company's vision, and also to our valued policyholders, business partners and all other stakeholders who have been an integral part of our success.



R. Renganathan

Deputy Chairman

4th April 2023

BOARD OF DIRECTORS



Mr. A.R. Gunawardena

*Executive Chairman /
Chief Executive Officer*



Mr. R. Renganathan

Non Executive Deputy Chairman



Mr. H.D.K.P. Alwis

*Executive Director / Chief Operating Officer -
General Insurance & subsidiaries*



Mr. Thushara Ranasinghe

*Executive Director / Chief Operating Officer –
Life & Subsidiaries*



Mr. Nihal Peiris

*Executive Director (Finance) /
Head of Finance*



Mr. Upali Witharana

Executive Director / Chief Financial Officer



Dr. Jagath Alwis

Non Executive Director



Mr. Devan Cooray

Executive Director / Head of Training



Mr. Ranga Abeynayake

Non Executive Director



Mr. K.I. Dharmawardena

Independent / Non Executive Director



Mr. D.H.J. Gunawardena

Independent / Non Executive Director



Mr. Palitha Jayawardena

Non Executive Director



Mr. Takashi Kishi

Non Executive Director



Mr. N. Vasantha Kumar

Independent / Non Executive Director



Mr. N.D. Nugawela

Non Executive Director



Mr. S.H.J. Weerasuriya

Independent / Non Executive Director

BOARD OF DIRECTORS

➔ Mr. A.R. Gunawardena

Executive Chairman / Chief Executive Officer

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

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

He was appointed Director in charge of the General Division of Ceylinco Insurance in 1987. He introduced the visionary concept of a direct sales force for the insurance industry in Sri Lanka. His was the idea that transformed the sphere of insurance forever more – On The Spot Claim Settlement! This unprecedented idea, which amounted to a global first, has been embraced and adopted by many other insurers the world over. In fact, this very concept won the coveted Innovation of the Year Award at the Asian Insurance Industry Awards in 2003. Under his able leadership, Ceylinco Insurance received a rare accolade that of being among the top four General Insurance Companies in Asia, in 2000 and once again clinched the Innovation of the Year Award at the Asia Insurance Industry Awards in 2006. Under his guidance Ceylinco Insurance has held the position of market leader in Sri Lanka, continuously since 2004. Mr. Ajith Gunawardena was also behind the first ever overseas joint venture for Ceylinco Insurance – Sagarmatha Insurance of Nepal, the concept of which, later on, extended to the Maldives. Several strategic alliances were also formed under his

leadership with insurance companies in the Middle East, in countries such as the United Arab Emirates, Bahrain, Kuwait, Oman and Qatar.

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

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

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

➔ Mr. R. Renganathan

Non - Executive Deputy Chairman

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

The Life Division & subsequently Ceylinco Life Insurance Ltd., has been the market leader in the life Insurance Industry for the past 19 years.

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

The centre has treated more than 12,000 patients thereby earning and saving much foreign exchange for the country. It was also the first to introduce the linear accelerator to Sri Lanka.

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

➔ Mr. H.D.K.P. Alwis

Director / Chief Operating Officer- General Insurance & Subsidiaries

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

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

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

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

way to monitor and manage the direct sales force of Ceylinco General Insurance efficiently.

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

In a proactive approach to career development and enhancement of skills and professionalism of the staff, he initiated the introduction of an online Staff Performance Management System in 2019 which is a methodical process that enables the company to evaluate the performance and contribution of each and every staff member in a fair and a systematic manner - leaving out bias and personal preferences, a prudent step with the growing number of employees.

Under his initiative, a sales force dashboard was also introduced in 2019 which facilitates the close monitoring of the movement of sales personnel, customer visits, etc. of the entire sales force by the superiors on a real-time basis. This has also given the opportunity to digitalize areas such as customer information, including renewal details, follow-up info, prospects and monthly sales plans.

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

➔ **Mr. E.T.L. Ranasinghe**

Director / Chief Operating Officer-Life & Subsidiaries

Mr. Ranasinghe has over 43 years of experience in the mercantile sector in sales, marketing and strategic planning. He holds a MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayawardenepura. He joined Ceylinco Limited as a Product Manager in September, 1986 and is one of the pioneer members of the team to set up Ceylinco Insurance PLC, when the Company commenced operations in 1988.

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

He currently serves as Managing Director/ Chief Executive Officer of Ceylinco Life Insurance Limited and also a Director of Ceylinco Healthcare Services Limited and Serene Resorts Limited.

➔ **Mr. T.N.M. Peiris**

Director (Finance) / Head of Finance

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

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

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

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

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

➔ **Mr. U. Witharana**

Director / Chief Financial Officer

Mr. Upali Witharana joined Ceylinco Insurance PLC as an Assistant General Manager – Finance (General Insurance Division) on 04th January, 1999 He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Institute of Certified Management Accountants of Sri Lanka. He also holds a Master of Business Administration Degree from the University of Colombo. Mr. Witharana has over 30 years of management experience in the Insurance industry both in Sri Lanka and overseas.

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

Mr. Witharana was appointed to the Board of Ceylinco Insurance PLC on the 25th of October, 2005 He also serves as the Finance Director/Director in other

BOARD OF DIRECTORS

Associate and Subsidiary Companies of Ceylinco Insurance PLC. He served in the capacity of Deputy Managing Director/ Director Finance/Chief Operations Officer of Ceylinco General Insurance Ltd. until February 2021. He was appointed as Managing Director of Ceylinco General Insurance Ltd. in March 2021.

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

➔ **Dr. W.C.J. Alwis**

Director

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

Dr. Alwis joined Ceylinco Insurance Company in March 1988 as the Reinsurance Manager and was appointed to the Board as the Director (Technical) in January 1993.

He is also heading the Education Sector of Ceylinco Insurance PLC as the Chairman of CEG Education Holdings which is the largest private education conglomerate in Sri Lanka, in addition to his responsibilities as Director (Technical) /Chief Technical Officer of Ceylinco General Insurance Limited.

He is one of the past Presidents of the Insurance Association of Sri Lanka (IASL) and is presently an Executive Committee Member.

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

Dr. Jagath Alwis is in the Academic Board of the Sabaragamuwa University of Sri Lanka and was a member of the Academic Board of faculty of science in university of Peradeniya.

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

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

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

➔ **Mr. P. D. M. Cooray**

Director / Head of Training

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

appointed to the Board of Ceylinco Insurance. Currently he serves as Director/ Head of Human Resources and Training of Ceylinco Life Insurance Limited and as a Director of Serene Resorts Limited.

Mr. Cooray is a Fellow of the Life Underwriters Training Council (LUTCF) U.S.A., a Chartered Insurance Agency Manager (CIAM), a Certified Manager of Financial Advisors (CMFA), CII (Award) on Financial Planning from the Chartered Institute of Insurance, London and has an Executive Diploma in Business Administration from the University of Colombo. He played a key role in setting up the Sales Force of Ceylinco Life. He is an internationally reputed speaker who has addressed several Life Insurance Conventions and was the first South Asian non-member to address the Million Dollar Round Table (MDRT), the most Prestigious Life Insurance convention in the world.

➔ **Mr. S.R. Abeynayake**

Director

Mr. Ranga Abeynayake counts over 23 years of experience in handling key management positions in the areas of Finance, Risk Management, Strategic Planning, Treasury Management and Project Planning. He holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management (PIM), University of Sri Jayawardenepura. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and, of the Institute of Certified Management Accountants of Sri Lanka.

He joined the Life Division of the Company in March 1998 as a Financial Accountant and held many senior positions before appointing to the Board. He was appointed to the Board of Ceylinco Insurance PLC on 1st February 2011.

He currently serves as the Director / Deputy Chief Financial Officer of Ceylinco Life Insurance Limited and also serves as a Director of Serene Resorts Limited. He formerly served as the Chairman / Non-Executive Director of Citizens Development Business Finance PLC.

➔ **Mr. K.I. Dharmawardena**

Director

An Attorney-at-Law by profession Mr. Dharmawardena was admitted to the Bar in 1976 with first class honours and thereafter joined the Attorney General's Department in 1978 where he served until his retirement in 1999 holding the positions of State Counsel, Senior State Counsel and Deputy Solicitor General. He has a Masters Degree in International and Comparative Law from the Brussels University and is a Fellow of the Nuffield Foundation and Japan Foundation. Mr. Dharmawardena has undertaken extensive legal research at the Institute of Advanced Legal Studies, University of London and the United Nations Far Eastern Institute in Tokyo, Japan. He has specialized in ICT and Business Law and held many prestigious positions in Sri Lanka and overseas. In Sri Lanka he served as a Visiting Lecturer at the Sri Lanka Open University and Informatics Institute of Computer Studies and pioneered many research projects in Sri Lanka leading to Law reform in the fields of ICT Law, Evidence and Criminal Law. He has extensive legal experience in Public Law, Criminal Law, ICT Law and Business Law and has provided legal consultancy services to several large scale ICT and Business Projects both in Sri Lanka and abroad. Presently he practices as a Legal Consultant in ICT and Business Law. He is the Chairman of Wanasevana Pvt Ltd. He is the Chairman of the Remuneration Committee and a member of the Audit Committee of Ceylinco Insurance PLC. Mr. Dharmawardena is an "Independent" Non Executive Director.

➔ **Mr. D.H.J. Gunawardena**

Director

Mr. Herschel Gunawardena is a Fellow of the Chartered Institute of Management Accountants, U.K. and a Chartered Global Management Accountant. He has nearly 50 years of experience, both local and overseas, in various industries including shipping, airline, mining, export/import trading and financial Services with over 20 years of General Management experience prior to serving on the Board of Directors of several companies, over the past 12 years.

Mr. Gunawardena was the Non-Executive Chairman of Citizens Development Business Finance PLC until he retired in September 2019 on reaching the age of 70. He is presently the Senior Independent Non-Executive Director of Ceylinco Insurance PLC and a Non-Executive Director of Ceylinco Life Insurance Ltd. and Pelwatte Dairy Industries Ltd. He is also a Director of Hunter & Company PLC, Lanka Canned (Private) Ltd. and Heath & Co. (Ceylon) Ltd.

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

➔ **Mr. P.A. Jayawardena**

Director

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

He currently serves as the Director/Chief Financial Officer of Ceylinco Life Insurance Limited and also as a Director of Ceylinco Healthcare Services Limited and a Director Serene Resorts Limited.

➔ **Mr. Takashi Kishi**

Director

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

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

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

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

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

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

BOARD OF DIRECTORS

➔ Mr. N. Vasantha Kumar

Director

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

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

➔ Mr. N.D. Nugawela

Director

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

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

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

➔ Mr. S.H.J. Weerasuriya

Director

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

He has worked for 4 years in England and 38 years in Sri Lanka as a Civil/ Structural Engineer.

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

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

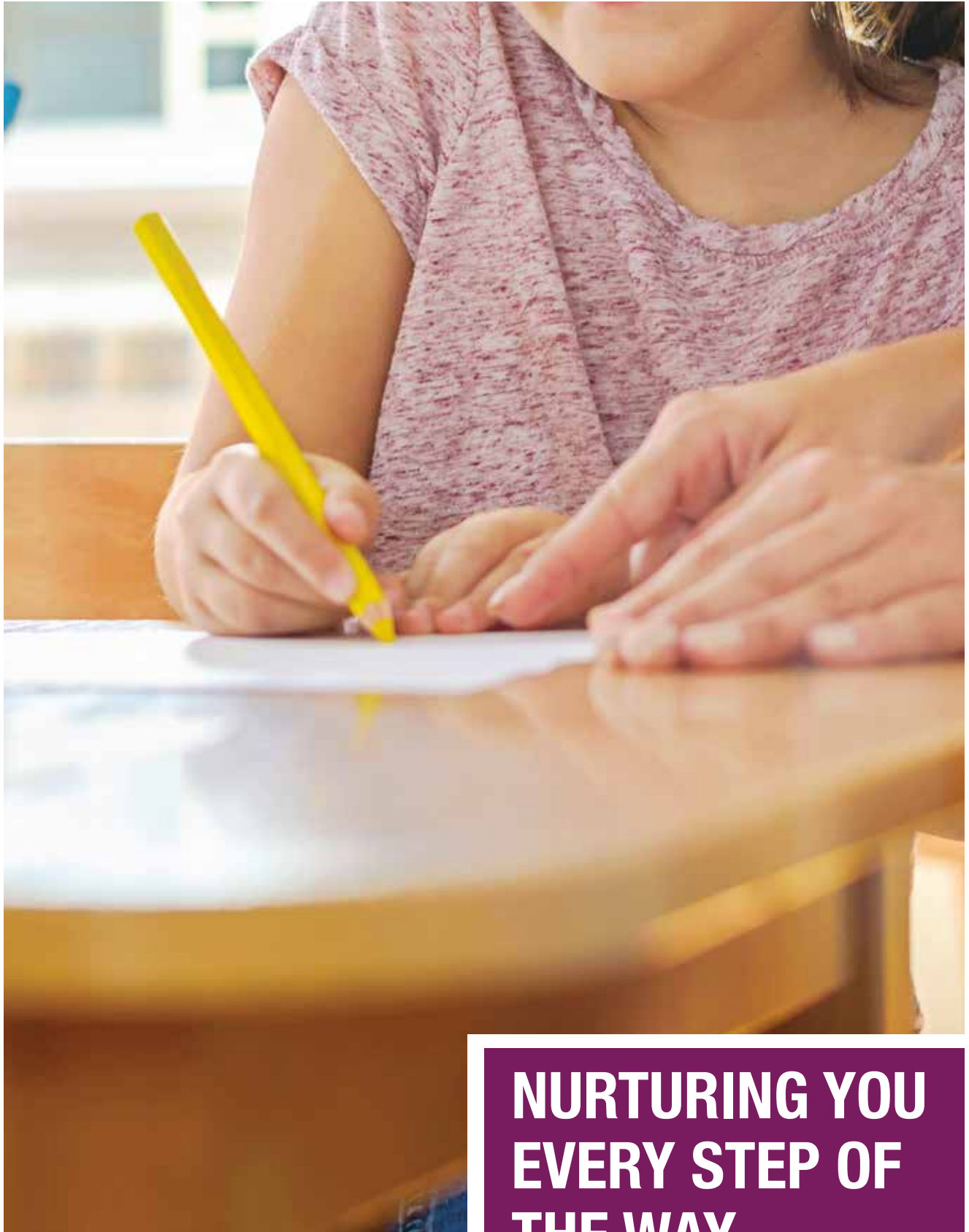
He also serves as a member of the Board of Examiners of the Institution of Engineers- Sri Lanka.

Mr. Weerasuriya is a Member of the Institution of Civil Engineers, UK (Chartered Engineer) an Honorary Life Member of the Institution of Engineers-Sri Lanka and, Honorary Life Member of the Society of Structural Engineers -Sri Lanka and is a Professional Engineer of The Engineering Council of England.

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

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

Mr. Weerasuriya is the Proprietor of Saro Weerasuriya Associates.



NURTURING YOU EVERY STEP OF THE WAY

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

MACRO-ECONOMIC ENVIRONMENT

The Sri Lankan economy faced severe headwinds and heightened uncertainties during 2022. Although the economy was on a recovery path subsequent to the abating of the COVID-19 pandemic, its progress dissipated rapidly as the economy experienced a contraction of around 7.8% during 2022, driven by the spill-over effects of the unprecedented economic crisis felt across several sectors due to fuel shortages, power outages, widespread scarcity of key imported raw materials and other essentials, and the soaring cost of production. The steady rise in inflation to historically high levels since the beginning of the year depleted disposable incomes. The monetary tightening efforts accelerated in 2022 to avoid possible de-anchoring of inflationary expectations and arrest lingering demand driven pressures.

Nevertheless, net credit to the Government by the banking system expanded notably amidst low government revenue and limited access to foreign financing sources. During the year, servicing of external debt became increasingly challenging, given the lack of access to international markets due to consecutive sovereign downgrades and the bunching of large foreign debt service payments amidst lacklustre foreign exchange inflows.

With due consideration to these challenging circumstances, the Government announced a standstill on external debt servicing on account of bilateral and commercial loans for an interim period commencing from 12 April 2022. In the period thereafter, with the intention of helping the economy to transit to a stable and more sustainable footing, the Government embarked on a reform programme through the introduction of a slew of measures to increase both tax and non-tax revenue.

Further, the Government opted to seek financial assistance from the International Monetary Fund (IMF) by way of an Extended Fund Facility (EFF) arrangement. The engagement with the IMF on a macroeconomic adjustment programme progressed with a staff level agreement reached in early September 2022 and the loan slated for approval in March 2023.

Despite the subduing of import demand and the announcement of the debt standstill, modest inflows to the current and financial accounts were insufficient to tame pressures on the exchange rate. The trade deficit narrowed due to the moderation in imports driven mainly by import control measures, lack of availability of foreign exchange in the market, depreciation of the exchange rate, tighter monetary conditions and the robust export performance. Tourism earnings recorded some turnaround, while workers' remittances remained subdued despite recording some revival. Overall it was one of the most challenging years for the economy.

OPERATING INDUSTRY ENVIRONMENT



General Insurance

The General Insurance sector weathered a range of hardships during the year. The biggest impact on the general insurance industry was the government's decision to ban vehicle imports to conserve foreign exchange. Despite the challenges, the overall insurance industry grew by 12.5%, with Non-Motor growing by 20.3% and the motor segment by 7.3%, owing to the increase in vehicle prices. The Gross Written Premium of the general insurance industry stood at Rs. 115 Bn, while motor GWP was Rs. 65.2 Bn and Non-Motor GWP was recorded as Rs. 50 Bn. Motor insurance accounts for the highest share of premium income for the general insurance business in Sri Lanka and accounts for 57% of the total non-life Gross Written Premiums.



Life Insurance

There remain many untapped opportunities in the life insurance segment. The percentage of population aged 65 and over in Sri Lanka surpasses most regional peers and is expected to increase to 18% of total population by 2041.

The largely untapped life insurance market continued to provide opportunities for growth following an increased interest in life insurance following the pandemic. The company performed strongly in the year review amidst macroeconomic turbulence caused by the economic crisis. However, Ceylinco Life was successful in achieving a growth rate of 14 % which is higher than the industry growth of 9%, which affirms its status as the undisputed market leader in the life insurance sector in the country.



Education

The negative economy had a direct impact on the Education Industry as it was forced to continue online due to shortage of fuel, with online classes too being interrupted due to long power cuts. Students delayed payments or withdrew from programmes as they were unable to pay course fees due to inflation. As a result, educational institutions were compelled to grant special discounts and offer interest-free instalments to attract them. However, towards the middle of the year, the economic crisis eased somewhat.

Unfortunately, many students are leaving the country to pursue their higher studies abroad. At the same time, due to the crisis, some students remained behind as their families couldn't afford overseas education due to the exchange rate. Some Sri Lankan students found it extremely difficult to remit their course fees due to the prevailing foreign currency shortage in the country. This created additional demand for local institutions providing foreign degree completion in Sri Lanka. Even local institutions had a challenging time remitting their royalty payment to foreign universities. This paved the way for Sri Lankan students to pursue their studies in Sri Lanka by enrolling into recognized foreign universities and locally approved degree programmes offered locally by private higher education institutes.



Power Generation

Renewable power producers faced severe pressure during the year as the Ceylon Electricity Board (CEB) did not release any payments for electricity supplied since 2021. By the end of 2022, the problem was aggravated to 13 months of non-paid invoices which was a breach of the terms of agreement by CEB, which could lead to a natural death for the renewable energy industry.

The CEB and the Government of Sri Lanka are responsible for this breach of contractual obligations, the long term repercussions of which are yet to be seen. Independent power producers may ask for sovereign guarantees in the future for long term power contracts with the government. The prices quoted in future tenders will account for one year interest cost for unpaid invoices which will lead to increased electricity prices for consumers.

Many renewable power producers had to declare bankruptcy as almost all loans to the sector had become non-performing. The total debt owed to the renewable energy sector by CEB stands at more than Rs. 45 Bn today.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEWS

SECTOR REVIEW: GENERAL INSURANCE



As an industry that knows all too well the risks of market and financial volatility, we weathered the year's hardships with complete determination. The biggest impact on the general insurance industry was the government's decision to ban vehicle imports to conserve foreign exchange. An industry which makes significant earnings on motor premiums now faced the challenge of a major headwind. Despite all negativities, the overall insurance industry grew by 12.5%, with Non-Motor growing by 20.3% and the motor segment by 7.3 %, owing to the increase in vehicle prices.

The Gross Written Premium (GWP) of the general insurance industry stood at Rs. 115 Bn, while motor GWP was Rs. 65.2 Bn and Non-Motor GWP was recorded as Rs. 50 Bn. Motor insurance accounts for the highest share of premium income for the general insurance business in Sri Lanka and accounts for 57% of the total non-life Gross Written Premiums.

Company Performance

I am pleased to note that the company has achieved a 20.5% overall growth, the highest in over a decade. It is a great feat which was achieved despite the drawbacks faced during the year.

The Company continued to show resilience in premium income and in managing its expenditures while confronting decade-high inflation and Sri Lanka's worst economic crisis in decades.



Notwithstanding the macroeconomic challenges, we continued to retain our market leadership with a gap of over Rs. 4 Bn with the nearest competitor. Despite all obstacles, we recorded a noteworthy performance in Profits and in turnover. Profit after tax increased to Rs. 3,769 Mn (Rs. 3.8 Bn), marking a 149 % increase and profit before tax stood at Rs. 3,913 Mn (Rs. 3.9 Bn), which is an increase of 123%.

The company earned a premium income of Rs. 24.3 Bn. with an overall growth of 20.5%. Motor premium reached Rs. 10.9 Bn while Non-Motor Premium reached Rs. 13.5 Bn, recording a 34.5 % growth.

The vehicle import ban had a severe impact on the non-life insurance sector, as we depend heavily on motor insurance in our portfolio. However, as the vehicle values increased, we too increased the sum insured, resulting in a growth in the motor segment by 7%.

Strategic Value Creation

The primary focus of the year was on tackling the challenge surrounding motor insurance, while also focusing on developing channels for non-motor niche products. We also made several

strategic moves in innovating our product offering and digital solutions and in strengthening channel partnerships. We offered products through channels such as our telecommunication partners. We increased our focus on the health sector, as health became a major concern in the country; moreover, we marketed international health insurance more determinedly, promoting the benefit of receiving health insurance for overseas medical treatment.

Timely Value Additions

For the benefit of our customers, we took an initiative to stretch the accidental hospitalisation benefit for Ceylinco VIP motor insurance. The new value addition now includes a Rs. 10 Mn benefit over the previous Rs. 4 Mn. This comes at a time when hospital fares and medical expenses rose due to shortages in medicine and medical equipment, with the rupee depreciation adding more financial weight to imported medicine. Ceylinco VIP motor insurance also offers a critical illness cover, which became a source of financial relief for many in terms of covering their medical expenses.

Moving Towards Sustainable Practices

During the year, we began the planning process to issue policies and certificates in digital form. After much deliberation and as a step towards making sustainable business choices, we will be issuing a digital card, replacing any form of paper or plastic insurance cards for policyholders. In making a hassle-free transition, we will continue to educate customers on the benefits of obtaining a digitally produced card, in addition to attaching the relevant section of the digital act to the motor certificate, in ensuring police cooperation.

Taking Care of our Staff and Customers

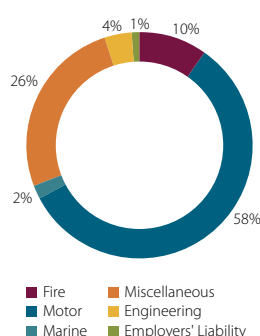
At Ceylinco General Insurance, our business rests on three pillars – customers, employees and the company. Our employees were a significant contributor to our success, and they are part of a unique family culture. Honouring their commitment, we created a policy for employees and their dependents based on the years in service, which is in addition to the already provided health insurance.

We ensured the economic security of our staff by providing a cost of living allowance equal to one month's salary. Employees with a salary less than Rs. 75,000/- were provided with a monthly allowance. We will continue to provide this benefit and economic relief as the cost of living continues to soar amongst other economic hardships.

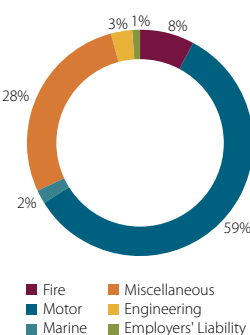
Throughout 2022, we continued to deliver on our promise of reliable claim settlements. We made distributions of Rs. 10.7 in gross claims during the year. Net claims amounted to Rs. 7.8 Bn. From this, over Rs. 4.6 Bn was made to motor insurance policyholders and Rs. 3.2 Bn for non-motor insurance policyholders. Our claim settlements are made quickly and efficiently, as it becomes a lifeline for clients who require financial assistance at times of unexpected losses.

Notwithstanding the macroeconomic challenges, we continued to retain our market leadership with a gap of over Rs. 4 Bn with the nearest competitor. Despite all obstacles, we recorded a noteworthy performance in Profits and in turnover. Profit after tax increased to Rs. 3,769 Mn (Rs. 3.8 Bn), marking a 149 % increase and profit before tax stood at Rs. 3,913 Mn (Rs. 3.9 Bn), which is an increase of 123%.

Net Claims 2021



Net Claims 2022



An Undefeated Presence

We take great pride in having the largest industry network, one which is uncontested due to its sheer reach and diversified channel presence. We pursued a strategy of channel development to increase market share while taking our services closer to our 2.9 million strong clientele. In 2022, we opened 10 new VIP counters to serve our motor policyholders, bringing convenience to our massive 'VIP On The Spot' clientele. We attribute our

550 island-wide touchpoints in addition to partner channels to the premium growth experienced during the year, despite macroeconomic inhibitors.

Moreover, during the year in strengthening our distribution network, we established several new service delivery streams for niche market products

Leveraging Tech Advancements

The company continued to advance its tech infrastructure through major developments including revamps. During the year, we revamped the VIP customer app to allow greater user-friendliness and convenience. Furthermore, the HR system used by the Company Secretary was revamped, in addition to upgrades in the telehealth system shared with SLT-Mobitel. We also migrated to a new payroll solution, making a much-needed improvement within the HRM department.

Existing infrastructure has made several functions more efficient, with the benefits of speed and convenience of service. Our technological adoptions include a Virtual assessor Solution for digital uploads of proof of accidents and damages, VIP HUB for promotions and policies, mCash integration to facilitate digital payments and improvements on the Online Motor Comprehensive System. Moreover, our digital infrastructure includes all necessary mediums, including our customer app and sales personnel app, which are connected to the core business system.

MANAGEMENT DISCUSSION & ANALYSIS

We incurred new investments in cloud computing and a backup solution to fast-track our disaster recovery processes and to strengthen business continuity during unexpected events. Furthermore, our in-house IT team has given life to digital solutions and IT infrastructure, such as branded point accumulator system, web for third-party motor insurance and digital Suwa Samaptha card. In enhancing data and network security, we upgraded to a state-of-the-art firewall and IT security system during the year under review. Moreover, we have established safety measures and protocols to ensure that access points are not exposed to threats.

Contributing to the Community

In the wake of an economic crisis, one of our priorities was to help those in need. Under the company's CSR brand 'Ceylinco VIP Pihita', we organised several projects to this effect. One such initiative was to select 10 schools from rural areas to provide meals

for students, who live in dire economic situations. Moreover, we permanently rented selected premises to distribute clothing to people who are in dire need of it. We made requests from employees and patrons of the company to donate used and usable clothes, which are in good condition. Apart from four main projects we conducted several other initiatives with a total investment that exceeded last year's allocations for CSR initiatives.

Future Direction

Our core strategy of channel development will be strongly pursued in the coming year and beyond, as it has proven to be our main competitive advantage, time and time again. Apart from innovations, we will continue to accelerate our digitalisation drive. We are focusing on implementing a new digital marketing team in the year ahead.

Acknowledgements

I take this opportunity to congratulate Dr Jagath Alwis and Mr Rex Gunatileke, for being appointed as the new Chairman and Director/CEO of the company, respectively and hope that the company will take even greater strides under your leadership.

I would like to thank the Board of Directors for taking every pertinent decision, at the right time. Your support and guidance on major company decisions and good governance enabled the continuation of our growth and industry leadership.

My heartfelt gratitude is conveyed to Mr. Ajith Gunawardena, Executive Chairman/CEO of Ceylinco Insurance PLC for being the voice that motivates the entire Ceylinco team and for his leadership in all matters. Further I wish to thank our Managing Director for a well-rounded leadership that enabled me to fulfil my duties in 2022.

I take this opportunity to also thank our employees for achieving another year of great success, especially amidst the unfavourable circumstances of the country. Your commitment is greatly appreciated and your pragmatic thinking that braved the economic headwinds. I am grateful to our customers for continuing to trust in our ability to serve you and commend their loyalty that has made us number one in the non-life insurance industry.



➔ *Review by the Executive Chairman/CEO*
Mr. Patrick Alwis
 Ceylinco General Insurance Ltd



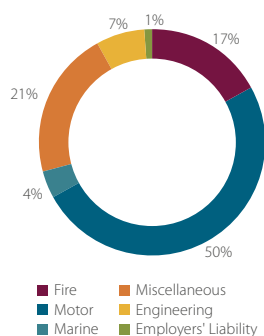
Financial Capital

Despite encountering severe headwinds from the economic crisis, Ceylinco General Insurance Limited was successful in posting a robust financial performance in the year under review. Supported by key strategies to overcome rapidly evolving challenges amidst volatile conditions in the year under review, the company delivered a resounding performance across key performance indicators. The main contributors to the company's strong performance in 2022 were significant increases in Gross Written Premium (GWP), Net Premium and Investment Income. The Investment income in particular witnessed significant growth compared to the preceding year, expanding from Rs. 1.5 Bn in 2021 to Rs. 6.6 Bn in 2022.

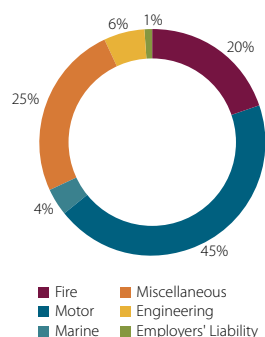
Gross Written Premium

This significant growth in GWP to Rs. 24.35 Bn during the year under review was a result of several effective strategies including continuous aggressive sales campaigns. The ongoing vehicle import ban continued to pose a challenge to higher profitability, but despite this constraint the company was able to record gains from the increase in sum assured across all classes of insurance. The Net Earned Premium marked an increase of 10.7% to reach Rs. 14.7 Bn.

Gross Written Premium 2021



Gross Written Premium 2022



Investment Income

Investment income showed a significant growth during the financial year on account of returns on higher interest rates that prevailed from the second half of the year under review. The Central Bank of Sri Lanka (CBSL) had taken a decision to raise interest rates to curb the inflationary pressures in the market. Considering that the company holds a large investment portfolio, it was a direct beneficiary of this decision by the regulator, as it earned higher yields compared to the previous year. Showing prudence, the company continued to exercise efficient management of its investment portfolio through the period. The company holds deposits and bonds in US dollars which were impacted positively due to the strengthening of the dollar, from Rs. 190 to 1 US Dollar to Rs. 300+ levels leading to a mammoth exchange gain for Ceylinco General Insurance, which contributed to its profit growth for the year under review.

Premium Composition

The restriction of vehicle imports continued during the year under review. Motor premium income now represents 45% of the total income as opposed to over 55% in the pre-COVID-19 era. Nevertheless, premium grew by 21% in the year under review, driven mainly by the value increase in assets as a result of higher market prices and increase in new business. Motor insurance premium revenue amounted to Rs. 10.9 Bn of the total income, while the rest was

accounted for by non-motor premium income including Fire, Marine, Health and Miscellaneous classes.

Non Motor Premium Composition

Non motor premium composition saw a demand for insurance cover protecting against risk arising out of Strike, Riot, Civil Commotion and Terrorist (SRCC &T) activities after the experience of the social uprising in 2022, which saw damage to properties. In addition, Fire premium income grew from Rs. 3.3 Bn to Rs. 4.9 Bn while the Miscellaneous class grew from Rs. 4.2 Bn to Rs. 6 Bn. Health insurance premiums also saw a significant upsurge during the year following the pandemic as people became more conscious of covering medical costs, since hospitals and pharmacies raised prices significantly due to exchange rates and inflation. Adding value, the company took measures to educate policyholders on the wisdom of increasing their insurance covers in line with rising prices as all motor and non motor sums assured increased during the year.

Net Combined Ratio

The Net Combined Ratio was maintained at 99.55, under the 100 mark, which demonstrates that the company manages its underwriting profitability, claims management and expense management efficiently.

Income Tax Expense

Income tax expenses declined during the company as the company was not liable to pay tax on its exchange gains on US dollar deposits and bonds. Income tax expenses fell to Rs. 144 Mn in 2022 as compared to Rs. 238 Mn in the previous year.

Net Benefits and Claims Settlements

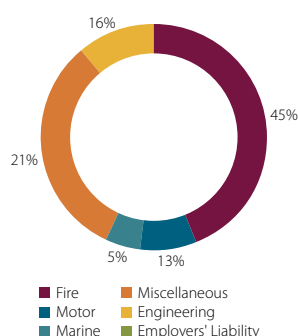
During the year under review, through careful claims management, net benefits and claims were well managed. The high interest rate and inflation seen during the year had driven up prices of automotive repairs and spare parts. The company combated this trend by assessing claims

MANAGEMENT DISCUSSION & ANALYSIS

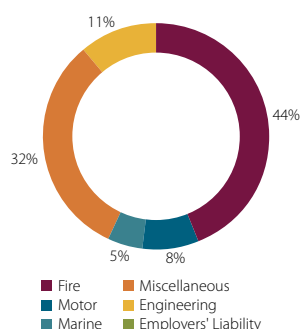
carefully. The decision to maintain a large inventory of spare parts for vehicle repairs and designating a special team to check claims helped keep costs down. Most claims are usually paid on the spot unless further details are needed to verify accuracy of the cost of the claims. These measures resulted in real cost reduction in terms of the claims management ratio to 53%, which is creditable considering costs went up manifold.

The company prides itself on speedy settlement of claims. During the year under review, Rs. 7.8 billion net claims were paid as against Rs. 7.1 Bn in 2021. The Net Retained Premium (NRP) recorded as Rs. 14.7 Bn in 2022 as against Rs. 13 Bn in 2021. Meanwhile, the reinsurance outgo increased as premiums grew. Reinsurance outgo was recorded as Rs. 9.7 Bn in 2022 as against Rs. 7.1 billion in the preceding year.

Ceded Premium 2021



Ceded Premium 2022



The Company recorded Rs.7.5 Bn as Other Revenue, which comprises Interest and Dividend Income, Fee and Commission Income and Realized Gains from Investments and Exchange gains.

The company's reinsurance team has been adept at ensuring comprehensive reinsurance arrangements to mitigate the risk of any situation of net loss. The in-house expertise in reinsurance at Ceylinco General Insurance reflects latest market realities for a smoother claims process for policyholders. The company partners with a list of highly rated and well respected overseas reinsurance companies who have been associated with the company for many decades.

Operating, Administrative Expenses

Despite the high inflationary environment where inflation peaked to over 60%, the company recorded only a 10% increase in overhead expenses during the year under

consideration. The Company spent Rs. 5.5 billion as operational and administration expenses and finance expenses as against Rs. 5 Bn in the previous year. We consider this to be effective and sound cost management. Other than Claims and Commission cost, other overheads including employee benefits, administration expenses, depreciation, amortization, investment-related expenses and all other expenses are covered under this.

Profit Before Tax

Demonstrating its leadership status, the company posted Profit Before Tax of Rs.3.9 billion as against Rs. 1.7 billion in the previous financial year which is a testimony to the financial strength and stability of the company amidst an environment of economic turmoil. GWP growth and Investment income were the main contributors to this growth along with cost and claims control. Despite vehicle import restrictions in place since 2020, the company more than doubled PBT through astute strategies to build non motor premiums.

Impairment Provision

In a strategic move, an impairment provision of Rs. 2.8 Bn was made because of the company's holding of dollar deposits and bonds. The provisioning was undertaken against the possibility of domestic debt restructuring which would negatively impact investments. This precautionary step has proved to be timely as it has already cushioned the company against the exchange rate fluctuations, although no decision has been taken by the regulator yet on restructuring local debt.

Outlook

The upcoming financial year will also prove to be challenging because vehicle import restrictions will remain in place in the near future. However, the company is confident of improving its financial standing after delivering a robust performance as is evident in this annual report.

Comparative financial performance*

Key indicators	2022	2021	Change %
GWP motor	Rs. 10.9 Bn	Rs. 10.2 Bn	7
GWP non-motor	Rs. 13.5 Bn	Rs. 10 Bn	35
Net claims and benefits	Rs. 7.8 Bn	Rs. 7.1 Bn	10
Claims motor	Rs. 4.6 Bn	Rs. 4.1 Bn	12
Claims non-motor	Rs. 3.2 Bn	Rs. 3 Bn	7
Investment portfolio	Rs. 20 Bn	Rs. 17.6 Bn	13

*For comparative performance of PAT, PBT, claims and other key indicators please refer page 93.

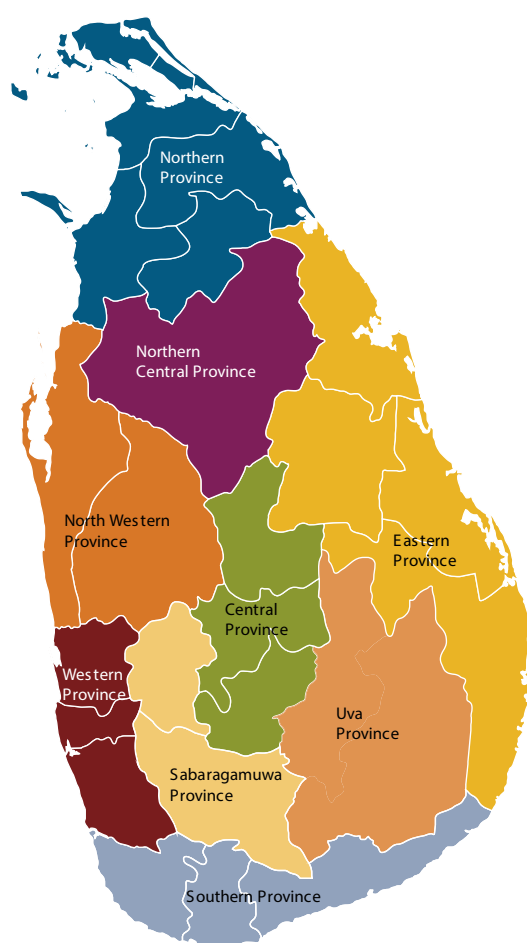
Manufactured Capital

The Company Head office, Property in Nawam Mawatha, Gampaha, Kurunegala are owned by the company. All other branches properties are on rental basis. The company takes great pride in having the largest industry network, one which is uncontested due to its islandwide footprint and diversified channel presence. The company's total assets are given in detail in the table below:

Assets and PPE	2022	2021	2020	2019	2018
Total Asset base (Rs.)	42,701,974	36,648,668	32,061,287	28,586,500	27,899,029
Property, plant and equipment (total value as at 31st Dec.)	4,322,298	4,149,976	3,866,531	4,166,169	3,774,829
New property and plant investments	11,733	338,327	7,768	12,396	8,305
Equipments	7,988	210,498	13,674	30,965	48,021
Office furniture	27,971	7,554	8,297	14,279	16,956
Computer Hardware	82,029	29,446	16,369	20,302	43,972
Motor vehicles	42,574	68,296	132,739	491,103	684,947

In 2022, 10 new VIP counters were opened to serve its motor policyholders, bringing convenience to the wide base of 'VIP On The Spot' clientele. The company has an island-wide network of 550 locations in addition to partner channels which contributed to the premium growth witnessed during the year, despite macroeconomic inhibitors.

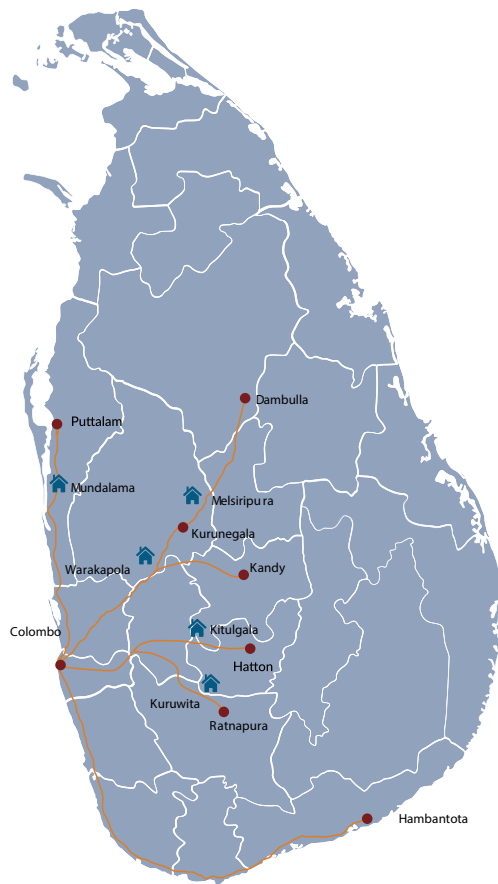
Branch network



Branches VIP Counters

Western Province	71	135
North Western Province	23	28
Central Province	17	25
North Central Province	11	18
Southern Province	23	21
Eastern Province	8	28
Northern Province	7	11
Uva Province	11	12
Sabaragamuwa Province	19	19

MANAGEMENT DISCUSSION & ANALYSIS



Mundalama



Warakapola



Kuruwita



Kitulgala



Malsiripura

Operations Hub (24/7 call-centre)

We consider our call centre as the hub of our operations, as it connects our customers with the right people, swiftly. Staff at the operations hub receives regular training on customer communication and interact with empathy, politeness and professionalism. We have on-call over 40 tele-operators at any time of the day, answering customer calls and responding to queries, resolving them and facilitating claim intimations. Moreover, the hub also responds to accident reporting, inquiries on branches, payments and products etc. Tele-operators handle over 50 vehicle accident reports and over 100 non-motor claim intimations, daily.

The LED Network

Taking our services, product information, promotions and CSR endeavours to the nation, we have deployed a series of LED screens. In 2022, we increased the LED

screen-network from 60 to 65 screens, making it the largest outdoor digital network in the country. The network covers all major towns and cities and all screens are positioned in strategic locations enabling maximum visibility.

Back in 2017, we commenced the installation of these LED screens in major cities, enabling us to directly deliver messages to customers in transit. The LED screens are visible to thousands of people and unlike static billboards they engage viewers through attractive attention-grabbing visuals. Furthermore, due to their strategic positioning and bright visibility during after hours, they are highly effective when compared to billboards.

Digital and Online Insurance

As part of our digital value proposition, we have developed an online Motor Comprehensive Solution. Furthermore, we have invested in mobile app development

to drive sales of products and services, such as a marketing executive/underwriting app to generate quotations for the sales force on customer visits. The app also enables customers to interact with us and become policyholders of third-party motor policy covers and Children's Health Policies.

Our other digital touch points include Ceylinco VIP HUB for products and special offers. Moreover, customers can access our website for any information on products, services and company information, etc. Our social media pages are available for inquiries and information on the latest products and services.

Digital Touch Points

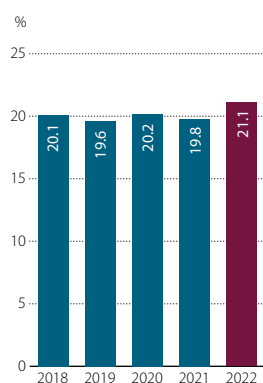
At Ceylinco, our digital presence includes our website, online portals and apps, social media platforms, digital insurance card (VIP and Suwa Sampatha) and digital payments.



Intellectual Capital

As one of the strongest home-grown brands in the country, Ceylinco General Insurance continued strengthening its brand equity and occupies a major share of the market which shows year on year improvement. During the year, the VIP customer app was revamped to offer greater user-friendliness and convenience.

Market share



Digital Transformation

The company maintained its momentum of enhancing digital platforms and introduced several digital touchpoints in the year under review. Apart from having the widest distribution network in the country, Ceylinco General Insurance also has a digital distribution strategy which is experiencing rapid expansion through substantial investments in digital transformation. Investments in software increased substantially in 2022 as compared to the previous year.

Benefits

The digital transformation efforts are showing visible benefits such as increased web traffic and app downloads; rapid adoption of digital offerings by customers; enhanced efficiency and increased customer convenience.

Going ahead, the company plans to explore digital technology products and services both online and via the mobile phone for further ease of use.

New Investments

During the year, new investments were made in cloud computing and backup solutions to fast-track disaster recovery processes and to strengthen business continuity during unexpected events. Furthermore, an in-house IT team has given life to digital solutions and IT infrastructure, such as branded point accumulator system, web for third-party motor insurance and the digital Suwa Samaptha card.

As for Data security and privacy, with the aim of enhancing data and network security, the company upgraded to a state-of-the-art firewall and IT security system during the year under review. Safety measures and protocols have been established to ensure that access points are not exposed to threats.

The company will continuously improve IT infrastructure and digital solutions with new adoptions such as VMware virtual server system, which enhances capacity by connecting to the supplier's main server.

New technological adoptions include a Virtual Assessor Solution for digital uploads of proof of accidents and damages; VIP HUB for promotions and policies; and mCash integration to facilitate digital payments and improvements to the Online Motor Comprehensive System. As a result, the company's digital infrastructure presently includes all necessary platforms, including a customer app and sales personnel app, which are connected to the core business system.

Brand Building Activities

Over 60 hoardings were rebranded with enhanced value addition for Ceylinco VIP - 10 Million Accidental Hospitalization cover and Serious Illness Cover for an investment of Rs. 11 Mn. In 2022, the company re-branded 12 mobile vans with the same concept. This resulted in excellent top of the mind awareness as well as 24 X 7 visibility throughout the island. As a result, its islandwide LED screen network was increased from 60 to 65, making it the largest outdoor digital network in the country. The network covers all major towns and cities and all screens are positioned in strategic locations enabling maximum visibility, which helps keep the brand top of mind.



Future plans include expanding Ceylinco SLT Mobitel Ananthaya for SLT and Mobitel customers, an online platform for Daraz customers and an insurance cover for online lottery purchases to further offer easy access for customers.

MANAGEMENT DISCUSSION & ANALYSIS

Product Innovation

Ceylinco VIP enhances Accidental Health Insurance Benefit to Rs. 10 Million

Ceylinco General Insurance increased the Accidental Health Insurance benefit offered to its Ceylinco VIP On The Spot Motor Insurance policy holders to over Rs. 10 Million with immediate effect. This Emergency Hospitalisation Insurance Cover is absolutely free-of-charge for its Ceylinco VIP On The Spot customers.



Brand Capital

Our brand name 'Ceylinco' carries tremendous weight and precedence within the insurance industry. A brand that resounds in the hearts and minds of people, we continue to be recognised for people's trust and their dependence on us.

Awards & Accolades

'People's General Insurance Brand' for the 16th consecutive year



Brand Acceptance

In 2022, we were again honoured with the 'People's General Insurance Brand of the Year 2022' at the SLIM Kantar Peoples Awards. We received the title for the 16th consecutive year, based on a formal evaluation process that gathers people's perceptions through a survey. It demonstrates how Ceylinco General Insurance has touched the lives of Sri Lankans by being a reliable and trusted provider of insurance coverage. The award is a recognition of our unique solutions, customer-centric culture and unrestrained support for the people we serve, which are the three pillars of our success.

Service Excellence

During the year, we were yet again chosen as the most popular general insurance company in service excellence. The selection of companies comes after a 12-week survey carried out amongst the general public. The survey assesses service providers and is conducted by the LMD magazine.

Sri Lanka's Most Recognised Insurance Brand

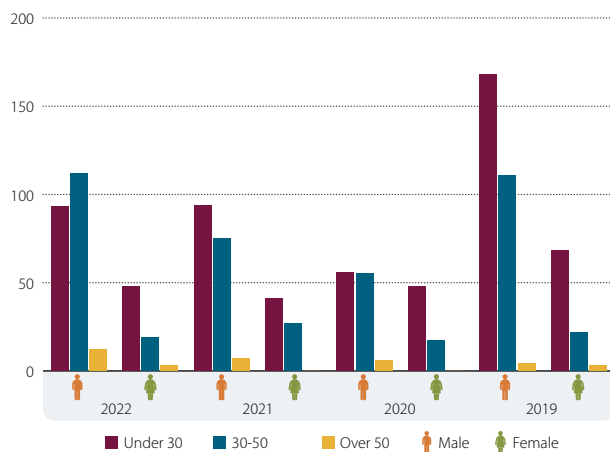
Not only a product, but a brand that redefined innovative insurance solutions, 'Ceylinco VIP On The Spot' continues to gather an increasing level of brand recognition. Due to its steeped presence in the market for over the years, the brand has become formidable as an uncontested competitive asset.



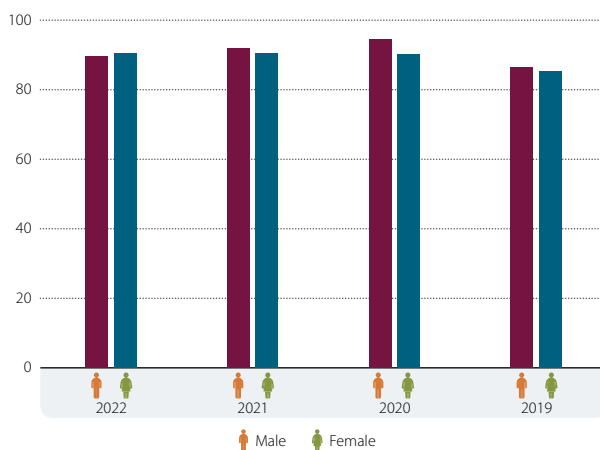
Human Capital

The Company's Human Resource strategy is backed by a robust framework of policies and clearly-defined governance structures to drive organizational objectives. We believe employee satisfaction is one of the greatest drivers of our success. At Ceylinco General Insurance, employees are the true assets who contribute effectively towards sustaining the company's competitive edge through exceptional effort to achieve assigned goals. The company has a wealth of experienced staff and young talent comprising of a diverse cultural mix which lends dynamism and an inspired spirit to the team.

Employees by Age



Revenue per Employee



Equality and Diversity

As an equal-opportunity employer, we uphold diversity and inclusion, ensuring that no employee receives undue treatment. We respect employees' right to receive proper remuneration, financial and professional growth and a work environment free from harassment. We have zero tolerance for discrimination based on race, ethnicity, sex, religion, complexion, disability or any other factor.

Due to the unbiased selection of employees, our workforce is diverse and unique, with employees from various ethnicities. This is highly evident in our over 1,300 sales staff spread throughout the country. Furthermore, we initiated a 200-strong women's sales team, as it was imperative to harness their skills, focus and expertise towards value creation that benefits their growth and that of Ceylinco.

Remuneration and Benefits

In remunerating the work of our team, we provide them with four key types of financial incentives, namely, salary, statutory ETF and EPF payments and bonus payments.

During the year under review, total remuneration increased compared to 2021. Higher salary and bonus payments contributed to this overall increase. Despite high inflation, we provided employees with a cost-of-living allowance to match the high living costs and will continue to do so until inflation comes down to a tolerable level.

In terms of other benefits, employees receive a health insurance scheme for themselves and their dependents; this is in addition to the annual bonus and profit bonus.

MANAGEMENT DISCUSSION & ANALYSIS

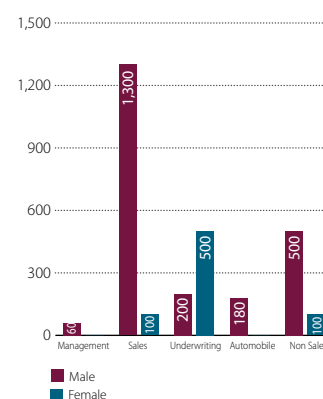
Training and Development

During the year under review, our training department engaged employees in various training programmes to maintain their knowledge and capabilities on par with changing industry requirements and to develop their professional strengths.

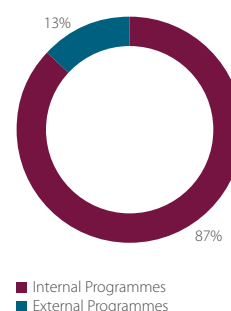
Training programmes were conducted for employees in management functions, sales, and underwriting, automobile and non-sales functions. Due to the higher number of sales-based job roles within the cadre, a total of 1400 received training in sales, more than any other function. During the year, we conducted the following programmes as given below. Overall there were 101 sessions conducted in 2022, with 88 internal programs and 13 external ones.



Training Process by Segment



Type of Programme



Main programme	Participants	Audience by function	Program type
Management development programme (MDP)	15 per Batch	Senior branch managers	Conducted internal & external
Management development programme – conducted training programme for middle level managers	32 per Batch	Middle managers	Conducted internal & external
Customer care training for all automobile engineers	15 participants per programme	Automobile engineers	Conducted internally
Out bound training for senior automobile engineers	70 Participants	Automobile engineers	Conducted externally
Customer care, technical and it training for underwriting staff	100 participants per programme	Underwriting staff	Conducted externally
Motivation	150 participants per programme	All marketing staff	Conducted externally
Induction training programme	40 participants per programme - conducting monthly	Newly recruited staff	Conducted internally

Training by Gender - 2022

	Male	Female
No. of hours dedicated for training (average)	21 hrs	21 hrs
Number of training programs (total)	101	101
Internal Programs	88	88
External Programs	13	13
Number of employees trained Total	2,400	600

Number of employees trained (category-wise) - 2022

	Male	Female
<i>Categorisation based on company standard</i>		
Sales	1,300	100
underwriting	200	500
Automobile	180	-
Non Sales	500	100

Performance Appraisal

We have in place a transparent appraisal system that allows employees to assess their performance and capabilities. It ensures that no employee is overlooked and receives a fair chance at growth. The system enables them to identify areas for improvement with an understanding of their performance against peers. Moreover, they receive a clear understanding of how their career is progressing. In essence, it equips employees with 'actionable' feedback upon its conclusion, giving them personalised insights to improve their performance.

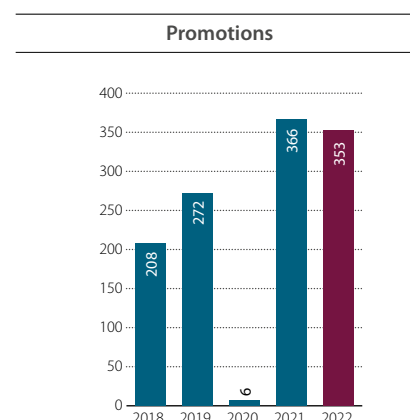
To assess disciplined and focused underwriting, we regularly examine our underwriters to ensure that they grow with the evolving industry trends and underwriting specifications.

Recruitment and Retention

We follow a transparent and formal recruitment process beginning with vacancy postings and an application process, followed by interviews with shortlisted candidates. Subsequently, carefully picked candidates receive a structured induction and training program across two weeks.

During the program, we familiarise new employees in all operational areas and departments, followed by extensive soft skill development.

Newly recruited staff increased in the year under review when compared to 2021. There is a higher number of new recruitments among the Senior Executive, Executive and Junior Executive category while there was also an increase in new staff for clerical work when compared to 2021.

Career Growth

Through our open-door policy, senior management provides mentorship to junior staff in improving their performance. Employees gain insights and knowledge from senior mentors that benefit them in furthering their tenure at Ceylinco and within the industry. During the year, 353 employees received promotions based on their performances and service time with the company.

Rewarding Excellence

The success of Ceylinco and our indomitable brand recognition is a direct result of employees' hard work and competence; therefore, employee recognition is embedded into our organisational culture in championing individuals that achieve commendable results. Our traditional annual sales conference and awards ceremony was held in 2022 to bring honour to our achievers.

Anti-Corruption

We have a 'zero tolerance' level on matters of fraud and corruption. We expect employees to fulfil their duties with transparency and by adhering to the prescribed company protocols, processes and regulatory requirements, applicable to the insurance industry. On occasions when such incidents are reported, we conduct a formal and fair hearing and an internal audit before taking any punitive action against the employee.

MANAGEMENT DISCUSSION & ANALYSIS

Grievance Management

There is a formal grievance management mechanism set in place to ensure swift resolution of employee complaints on unjust treatment and malpractices by others. In addition, we follow an open-door policy in enabling employees to voice their concerns to the management on any matter of concern. The management then resolves the matter based on a confidential hearing with the complainant.

Work Life Balance

To ensure that employees maintain a healthy balance in work and life, the Employees' Welfare Society carries out many activities. Such activities include the annual employee outing and family musical show, conducted in 2022, after a hiatus in 2021 due to the pandemic's health concerns.

Similarly, the company's Sports Club fulfils active participation in sporting events to keep our employees physically and mentally fit. They lead our sportsmen and sportswomen to participate in mercantile tournaments while building confidence and team spirit with motivation.

Tradeoffs and Value Transformations

In enhancing human capital, we also impact other capitals in a unique manner.

Tradeoffs and value transformations				
	Financial Capital	Intellectual Capital	Social and Relationship Capital	Manufactured Capital
Talent management measures	Investments in training, remuneration and other expenditures	With each employee that retains due to satisfaction with the company continues to enhance tacit knowledge. They are instrumental in creating innovations that reflect our customer requirements. Moreover they contribute to advancing IT and digital solutions.	A well-trained and satisfied employee, who sees potential for career and personal growth with Ceylinco, is an asset in securing the company's relationships with customers and other stakeholders. This relationship capital helps us to enhance trust and confidence in stakeholders as a stable company with service excellence.	Skilled employees and growth of the workforce, enables us to expand our retail and digital presence

Moving Forward

As inflation continues, we will stand beside our employees by continuing to provide a cost of living allowance, especially for those receiving a salary of less than Rs. 50,000/- and Rs. 75,000/-. In addition, we will continue to honour our duty of providing timely remuneration and allocating statutory payments and bonus payments appropriately. Moreover, training and development will continue with general and needs-based training for all employees.



Social and Relationship Capital

The company's Social and Relationship Capital consists of the relationships it has nurtured with an island-wide base of customers, business partners and communities. During the year under review, the company's customer base increased from 2.8 Mn in 2021 to 2.9 Mn in 2022 amidst the turbulent macro-economic conditions.

Customer Convenience

Keeping in mind the negative impact of the economic crisis on people, Ceylinco General Insurance increased the Accidental Health Insurance benefit offered to its Ceylinco VIP On The Spot Motor Insurance policy holders to over Rs. 10 Million with immediate effect. This Emergency Hospitalisation Insurance Cover is absolutely free-of-charge for its Ceylinco VIP On The Spot customers.

This benefit will undoubtedly ease the burden on our customers to a great extent. In addition to a host of other benefits they already enjoy, such as a Serious Illness cover of Rupees One Million for hospitalization due to Cancer, Heart Attack, Kidney transplant and 21 illnesses, an additional 25 % with the claim if a brand new or unregistered vehicle gets condemned within two years of the first registration (even if the market price is higher than the present sum insured), a similar replacement vehicle in the event the accident repair exceeds four days, emergency roadside assistance etc. are the kind of benefits that are indeed needed, given the present context and the hardships the people of the country are facing.

In further customer conveniences, both digital and hybrid, the company offers:

- Digital services Virtual Assessor App
- VIP Hub for online purchases Mcash integration and online purchasing facility

- Communication via Hotline 0112 393939/Whatsapp/Email/SMS/Letters
- Multi-lingual support - proposal forms, brochures and policies made available in all three languages
- Payment channels - online fund transfers and cheques

Customer Service Enhanced through Process Improvements

The company now takes as little as 24 hours for underwriting decisions unless reinsurers are involved and the time to formulate policies and reach customers is a mere 3 working days. The average time to resolve queries via web/over the phone is within 24 hours in most cases unless otherwise more information/investigation is required. The call centre staff is mandated to pick up calls within three rings while the time taken for assessors to visit the accident site has improved to 23 minutes from the time the call is made by the policyholder. A formal complaint management system is in place to handle customer grievances.

The company's key competitive advantage is that most of the claims are settled on the spot, be it Motor or Non Motor unless the customer is not willing to take on the spot or if the claim needs further investigation or to call for an estimate. Almost 100% of all genuine claims are settled.

Marketing Communications

The company allocates substantial investment for marketing and communications activities for brand building efforts and to remain top of mind amongst customers. During the year a mass media communications campaign was launched for Suwa Sampatha International Overseas Medical Cover with an investment of Rs. 12 Mn. The campaign ran throughout the year under review and resulted in sales increase by as much as 50%.

The company has also enhanced its social media presence through campaigns on Youtube & Google Ads for Ceylinco VIP Ceylinco Gedera, Ceylinco Travel Classic and Ceylinco Suwa Sampatha International for an investment of Rs. 4.6 Mn.

An email marketing campaign was also carried out for Ceylinco VIP/Ceylinco Suwa Sampatha International, and for the VIP product for private car owners, which resulted in increased awareness and sales growth amongst the target group.

Adopting an innovative approach, campaigns were launched via mobile phone for 3rd Party Motor Bike users at a cost of Rs. 1.5 Mn, which resulted in sales growth of approximately 4% of all sales.

Community



As a company that has captured the hearts and minds of citizens, Ceylinco General Insurance invests in the communities in which it operates and is one of the first corporations to respond to national crises. Some of its noteworthy Corporate Social Responsibility (CSR) projects in 2022 were:

Providing mid-day Meals to Students from Under-Served Communities

In its latest Corporate Social Responsibility initiative, Ceylinco General Insurance commenced a programme to distribute food to over 1,000 school children in 10 schools covering 4 districts against the backdrop of the economic crisis in 2022. A nutritious lunch is provided three days a week at selected schools in remote areas in the districts of Ampara, Polonnaruwa, Hambantota and Anuradhapura. These children are within the age group of 5 to 12 years and are from families undergoing severe hardships due to the current economic conditions.

MANAGEMENT DISCUSSION & ANALYSIS

Parents and teachers of these children expressed their gratitude to Ceylinco General Insurance for initiating this project. These children come to school without any food on most of the days and even find it difficult to concentrate on their studies due to hunger and other suffering. The entire project was organised and conducted by the staff attached to the branches in the respective regions.



Distribution of Clothes to the Needy

In yet another CSR project, Ceylinco General Insurance completed 25 'Ceylinco VIP Pihita' Centres for distributing clothes to the needy to reach people in need and those who cannot afford to buy clothing. In its first stage, clothes were distributed through 'Ceylinco VIP Pihita' centres in Bandarawela, Anuradhapura and Matara and later it was extended to 25 cities covering Galle, Narammala, Wellawaya, Matale, Kurunegala, Digana, Mahiyangana, Ratnapura, Horana, Trincomalee, Negombo, Kalutara, Kuliapitiya and Empbilipitiya. Based on a concept initiated by Mr. Ajith Gunawardena, Chairman/Chief Executive Officer of Ceylinco Insurance PLC, 'Ceylinco VIP Pihita' centres were positioned in easily accessible locations.



Initially, the project commenced with clothes donated by the staff of Ceylinco General Insurance and subsequently customers, friends and the general public joined the programme. This CSR project fulfils the aspirations of people who are undergoing financial hardships.

Beach Cleanup Project

Beaches in Sri Lanka have become polluted coastlines which makes it our duty to help preserve the natural beauty and cleanliness of our beaches and the ocean surrounding our island. With this in mind, we organised a beach cleanup programme along the coastlines in Galle, Negombo and Mount Lavinia.

In organising and conducting the initiative, over 200 of our employees selflessly cleared debris, plastics and polythene waste from the shoreline. It was our wish to see this coastline return to a pristine condition, preserving its beauty and making it tourist-friendly. Through the cleanup, our effort was also to stop more waste from entering the ocean and causing harm to marine life and the ocean's ecosystem, as marine pollution around Sri Lanka is a serious cause for concern.

Waste collected from the areas was handed over to the municipal councils of the respective areas.



Blood Donation

We organised a blood donation campaign at our Head Office in February 2022, which helped collect a total of 390 pints of blood. Our employees took time and effort to make their contribution, which is highly commendable, as their generosity could save many lives.



Living Assistance for 120 Families

The Company is closely engaged with the community at large, ensuring that it responds to urgent needs of people in times of crisis and even at other times by initiating projects to uplift the community and ensure its well-being. The Company continued the monthly assistance scheme through out the year that was initiated in 2021 under 'Ceylinco VIP Pihita' with a contribution of Rs. 5,000/- per month for low income earners. A total of 120 persons were covered under this initiative.

Mobile Vehicles for the Kandy Perahara



Business Partners

The relationships formed with our partners go back a long way. Diverse in nature, each partner comes to us with unique requirements and expectations. By building a good rapport with each business partner we have gained a strong understanding of their expectations, which enables us to honour contractual obligations and maintain cordial relations.

Strategic Partners

Our strategic partners include various global companies that enable us to grow financially through new business opportunities. We have entered into strategic global partnerships with Berkshire Hathaway and AIG, USA. These partnerships have become strong links in securing a robust financial position and growth. Due to the nature of our partnerships, we offer underwriting services to some of the world's leading companies while insuring multinational company operations in Sri Lanka.

We have partnered with Japan's Mitsui Sumitomo Insurance to offer reinsurance support to Japanese clients in Sri Lanka. In addressing the unique insurance requirements of the company, we have developed several products. Our strategic partnerships also include gulf-region-based companies, including UAE, Bahrain, Oman, Qatar and Kuwait, to provide joint insurance products to migrant workers employed in these countries.

New Business Opportunities (2022)

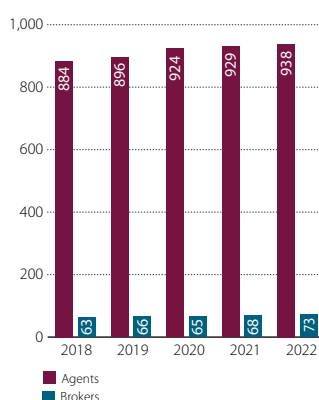
During the year, we entered into a memorandum of understanding with SLT-Mobitel, to offer an exclusive insurance scheme for Sri Lankan women and mothers. Powered by SLT-Mobitel mCash it will be offered exclusively for SLT-Mobitel subscribers and mCash users.

Agents and Brokers

Our relationship with our agents and broker companies is one of mutual value creation - one where business transactions create benefits for each party. During the year, we ensured that our commitment to timely payments and cordial communications was fulfilled.

Brokers enable us to access market segments that are inaccessible to us and exclusive to their business model. Our brokering partners have the highest contribution to our income apart from our sales force.

Agents and Brokers



Bancassurance Partners

Our bancassurance partners are a vital link in our channel and distribution network. The geographical spread of these partner banks provides us with the potential to reach untapped customer segments and areas. We maintain good partnerships with eight banks, with each providing access to their strong customer network. In providing insurance solutions, we ensure that the needs of the clients of our bank partners are met.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEWS

SECTOR REVIEW: LIFE INSURANCE



Ceylinco Life Insurance Limited (CLIL) upheld its leadership position as Sri Lanka's number one life insurer, navigating through one of the most challenging years of recent history. The Company proved its steadfastness demonstrated across many decades of resilient performance together with its unwavering spirit of serving the nation and the millions that partner. CLIL delivered on the delicate equilibrium across several performance dimensions comprising financial performance, operational excellence and societal and environmental consciousness, guided by its versatile strategy which adapted with agility to a dynamic operating landscape.

Context to Performance

The life insurance business, built on the agency model, suffered due to the fuel crisis, with new business, policy issuance and premium collections adversely affected due to mobility constraints. Declining disposable income of policyholders driven by high inflation, particularly in the middle income and rural segment, affected timely premium payments and drove down the appetite for insurance among potential policyholders, setting the industry, on a negative growth trend during 2022. However, I am happy to note that Ceylinco Life was successful in achieving a growth rate of 14 % exceeding the industry growth rate of 9%.



Delivering Results on a Strong Strategic Blueprint

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

Profitability

During the year we fortified our market leadership position measured by Gross Written Premium (GWP), capital adequacy and profitability. Post-tax profitability for the year recorded LKR 7.7 Bn, marking a commendable increase of 12.7%. Investment income also grew exceptionally well, with a year-on-year (YoY) growth of 35% to LKR 19 Bn. CLIL's long- standing quality investment portfolio built on prudence and intelligence benefitted from the high interest rate climate that prevailed during the year. We were successful in reducing operating expenses by 11% amidst high inflation, helping preserve profitability, attributable to our budgetary

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

Customer Centricity

With customer interest placed at the core, we continued to generate enhanced value to our policyholders throughout the year. Gross claims and benefits paid netted LKR 19 Bn, an increase of 49% over 2021. The dynamism of our product portfolio continued to serve a wide range of customers and their diverse needs of protection and security for the future. Our rewards to customers delivered through the iconic Ceylinco Life Family Savari, continued for the 16th consecutive year, understandably in a model different to the original version of excursions, owing to travel restrictions that prevailed during the year with 1056 customers being gifted with gold coins worth LKR 30 Mn.

We also rewarded the policyholders' children through Ceylinco Life Pranam scholarship programme. With the

scholarships granted in 2022, the number of total beneficiary students reached 3034 whilst the amount of funds disbursed netted LKR 177 Mn, since its inception.

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

IT Roadmap

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

Our People

We focused on nurturing our most valued resource, our employees, with a special emphasis on their physical and emotional well-being as they confronted unique challenges on multiple fronts. At the height of disrupted transportation due to the fuel shortage, we facilitated the work from home option as well as arranged for transportation. Talent development continued via both virtual and physical modes, with overseas training for eligible staff members resuming after a two-year

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

pause following the pandemic. During the year, we introduced an internship and a graduate programme affording a stepping stone for future insurance professionals and consciously strengthened our succession planning.

The level of professionalism and the mettle in adapting to persisting challenges of the CLIL Team has been truly remarkable. In reflection of the strong relationships, high-performance and high-trust workplace culture that we maintain at CLIC, we have been recognized as a Great Place to Work for the third consecutive year with our Trust Index score increasing by five marks enhancing our HR value proposition as a most sought-after employer.

Planet and Community

CLIL's commitment towards a greener planet and an empowered community has always been visible through the long-term projects undertaken by the company with considerable investment allocated together with staff volunteerism, in driving sustained and impactful outcomes.

Environmental consciousness - We continued to source clean energy for self-consumption during the year with 05 more branches of our network being powered by solar. Together with our investment of LKR 12 Mn to generate 110 kW rooftop solar energy at La Serena

retirement resort in Uswetakeyiyawa, we remain a net energy contributor to the national grid across a number of our branches. Our branches on premises owned by us continued to be built along eco-friendly structures featuring natural lighting and water recycling facilities. We inculcated sustainability practices amongst staff members through a branch-wide competition dubbed as Sustainability Champions.

Community empowerment – Our efforts of many years continued along the themes of health and education – two powerful facets that drive sustained human development and eradicate social inequalities. CLIL's extends this initiative by providing maintenance services of five HDU's which have been donated over the years to state hospitals across the island to extend the longevity and impact of these machines. Donation of other essential medical equipment also continued in response to emerging needs in the health sector. We conducted seven health campaigns across disadvantaged communities of the country to ensure identification, timely treatment and prevention of ailments, thereby enhance the quality of their life.

In our unwavering commitment to empower the future generation of the country, we continued our investments in developing classrooms in under privileged

MANAGEMENT DISCUSSION & ANALYSIS

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

Awards and Accolades

CLIL was recognized in several local and international platforms during the year. Being ranked amongst the Ten Most Admired Corporates in Sri Lanka as adjudged by the Chartered Institute of Management Accountants (CIMA) Sri Lanka, International Chamber of Commerce Sri Lanka (ICCSL) and Daily FT for 2021 was one of the illustrious awards. The Company was featured at the Sri Lanka Institute of Marketing (SLIM) Brand Excellence Awards 2022, where CLIL bagged its second consecutive Gold for the "Service Brand of the Year", the Silver for "Innovative Brand of the year" for its Ceylinco Life Pension Saver plan, and the Silver for "CSR Brand of the Year". Voted by people as the most popular life insurance company in 2021, CLIL was presented with the SILM Kantar Peoples Award for the impressive sixteenth consecutive year in 2022. CLIL recording a milestone, as it moved five places up in its brand value ranking from 'AA' to 'AA+', published by Brand Finance UK. CLIL's brand was valued at LKR 3.8 billion for 2022, an 8.8% increase over 2021. We continue to be inspired by our own excellence in performance, with our sights on raising the bar to achieve excellence in every stride.

Outlook for the Future

The slowdown in the economy and the decline in disposable incomes, will dampen growth prospects and the uptake for life insurance. In response to these emerging dynamics, we may need to recalibrate our product portfolio in line with evolving customer demographics to ensure sustained growth and defend our standing as the undisputed market leader in the life insurance business. Special emphasis will be placed on capturing the Gen Z market segment.

We plan to drive performance of our two subsidiaries, Ceylinco Healthcare Services Limited and Serene Resorts Limited, extending their purpose beyond that of commercial interest but also to provide dignified care and support to our customers at times of critical need. We will exercise diligence in our investment strategy particularly in the current operating context to ensure maximum returns to benefit our policyholders as well as shareholders. We remain committed to playing our part as a responsible corporate in reducing our carbon footprint by integrating sustainability within our overall strategic planning process.

Appreciation

My gratitude goes out to the Executive Chairman and the Board of Directors of CLIL for their counsel throughout the year. I extend my heartfelt appreciation to the CLIL team spread across the country for being the unwavering force behind the success. We wish to recognize the our shareholder, the parent company Ceylinco Holdings PLC, our policyholders, business partners, the Insurance Regulatory Commission of Sri Lanka and our reinsurers with deep gratitude for their respective contribution in making CLIL the outstanding life insurance company it is.

Review by the Managing Director/CEO

Mr. Thushara Ranasinghe

Ceylinco Life Insurance Ltd.

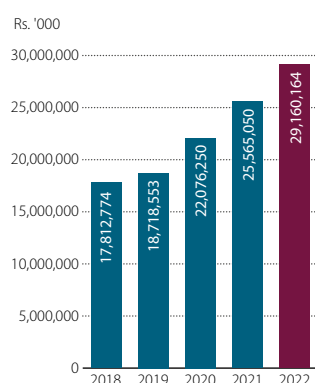




Financial Capital

Despite the socio economic challenges, Ceylinco Life Insurance proved itself as the market leader as measured in terms of Gross Written Premium (GWP), capital adequacy and profitability. These pillars of the company's robust performance in 2022 were achieved through increased penetration in the core life insurance segment to stimulate premium growth; by balancing the product mix to achieve higher CSM under SLFRS 17; and by re-engineering financial processes to optimize expenses. The Capital Adequacy Ratio was maintained above 200%, far exceeding mandatory requirement.

Gross Written Premium



Revenue

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

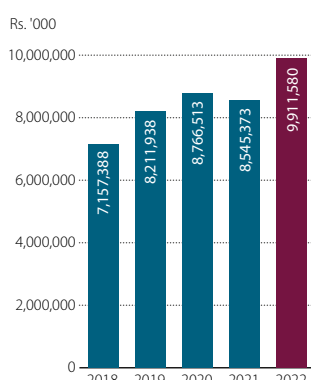
Profitability

Profit before Tax (PBT) soared to Rs. 9,911.6 Mn in 2022 (2021: Rs. 8,545.4 Mn), which indicates a growth of 16% YoY. The company's income tax expense increased by 28.7% YoY to reach Rs.2,279.8 Mn in 2022 (2021: Rs. 1,770.9 Mn). This increase was a result of the revised income tax rates which came into effect from 1 October 2022.

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

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

Profit before Tax



New Business

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

Net Benefits and Claims Paid

Net benefits and claims from the life insurance business, excluding gross change in contract liabilities, increased during the period under review, recording a YoY increase of 48.9% to reach Rs. 18,969.3 Mn in 2022 (2021: Rs. 12,736.0 Mn). During the year under review, we paid Rs. 12,579.8 Mn (2021: Rs. 8,152 Mn)

in maturity benefits, reflecting a growth of 54.3% YoY. Surrenders paid during 2022 was Rs. 3,611.1 Mn (2021: Rs. 1,722 Mn), up by 109.7% YoY. All other claims disbursed during the year increased except for death, disability and hospitalization claims which dropped by 9.2% YoY to Rs. 1,778 Mn in 2022 (2021: Rs. 1,958 Mn)

Assets

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

As the market leader in life insurance and a pioneer in providing cancer treatment through its subsidiary, Ceylinco Healthcare Services, the Company made a significant equity investment in Kings Hospital (Pvt) Ltd, which is a modern and well-equipped health care facility. The investment was through a private placement with the option to further increase its equity holding in this 120-bed hospital. The Company will be represented proportionately on the Board of the hospital and will be a pivotal stakeholder in next phase of growth, and expansion strategy. Augmenting the global trend of life insurers and health care providers working in partnership to enhance value delivery to their respective customer bases, it is envisaged that a partnership with a hospital that has a full spectrum of specialist facilities catering to the well-being of those who need care will strengthen and support the Company's overall objective of sustainable health.

It will be imperative for the company to recalibrate its product proposition in line with evolving customer demographics to ensure sustained growth and consolidate its standing as the undisputed market leader in the life insurance business.

MANAGEMENT DISCUSSION & ANALYSIS



Manufactured Capital

Ceylinco Life possesses an island-wide network of physical branches, which are present in every district and regional hub. In 2022, branches were consolidated while investing in company-owned buildings to improve efficiency and cost-effectiveness, and augment the capital base, resulting in a total of 135 branches, of which 107 are leased properties and 28 are owned properties. The construction of 2 green branches was commenced during the year. The company's physical presence ensures a strong sense of stability, sustainability, and brand presence, which in turn strengthens its partnerships with the surrounding community.

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

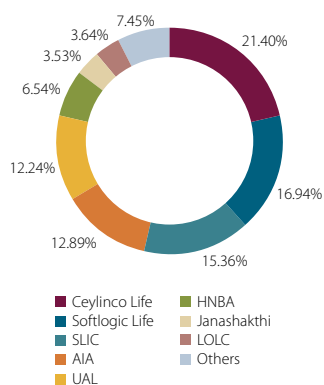


Intellectual Capital

As a testament to being the leader, the company achieved a market share of 21.4% in the life insurance industry, thereby retaining its market leadership position for the 19th consecutive year.

A new product was introduced to the company's product mix in 2022, called Smart Saver, which is essentially a re-launch of an existing plan with improved benefits.

Market Share 2022



Department	Initiative	Investment (Time and Cost)	Benefits Realised	Impacted Stakeholders
Human Resources	A software tool was deployed to monitor productivity when Working from Home (WFH)	Rs. 300,000/- 1 Month	Monitor time/Activity performed on Laptops to Study user behaviours to improve productivity	Employees
Life Operations	Temporary receipts issued via SMS	LKR 2.5 Mn 6 months	Minimum Data entry Minimized risk of fraud Reduced paper consumption	Policyholders Sales agents Employees
	E-KYC Obtaining KYC form automatically through digital platforms complying with regulations.	Rs. 2.3 Mn 12 Months	Reduction of turnaround time Customer convenience Instant individual authentication Reduced paperwork, consumption & redundancies Enhanced Operational efficiency, Cost efficiency Customer convenience	Agents Policyholders Employees
	Electronic underwriting record sheet (ERS) - Capturing of all material information relevant for underwriting automatically to improve staff decision quality and staff efficiency	No cost due to internal development 3 months	Improve turn around time of risk assessment process	Employees
	CLOU system - Automation of new business distribution among branch senior underwriters to improve underwriting process efficiency and staff productivity	No cost due to internal development 4 months	Staff productivity Overall process efficiency improvement Ability to handle volumes Improved MI and tracking Direct communication with sales team	Employees
	ESUB - Obtaining 100% insurance proposals through digital platform	Rs. 52 Mn 2 years	Customer convenience/ Improve process efficiency and quality of information / Reduced paper usage	Policyholders Sales agents Employees
Marketing	Revamping the corporate website Introduction of referral management via the customer app to generate leads	LKR 3 Mn 6 months	Lead generation New business growth Benefits obtained by the sales staff (income, KPI, targets)	Policyholders Community Sales agents
Risk & Compliance	Implementation of an AML application	Rs. 4.6 Mn 3 months	Improved and automated customer screening, Improved regulatory reporting, Improved transaction monitoring	Policyholders, Regulators
Actuarial	Installation of IFRS17 software	Rs.118 Mn 1 year	Facilitate Infrastructure for IFRS 17 implementation Gearing for IFRS 17 implementation	Regulators Policyholders Shareholders
Finance	Introduction of Robotic Process Automation (RPA) activity for selected Asset Management Task	Rs. 280,000 4 months	Smooth assets management process Improved process efficiency Eliminate user errors	Employees
	Implementing E-Document management system for the payment process	Rs. 64,000 3 months	Orderly flow of supporting documents throughout the approval workflow Improved process efficiency Reduced physical document archiving cost Reduced paper consumption	Employees

MANAGEMENT DISCUSSION & ANALYSIS

Awards & Accolades

Ceylinco Life has been recognised as the market leader in the life insurance arena for the past 18 consecutive years. The company won the following awards in the year 2022:



Sri Lanka's Brand of the Year

Ceylinco Life achieved the ultimate in brand success when it was recognised as 'Sri Lanka's Brand of the Year' – the ultimate accolade presented by the Sri Lanka Institute of Marketing (SLIM). The Company also won the Gold award as the Service Brand of the Year for the second consecutive year and the Silver for Innovative Brand of the year for its Ceylinco Life Pension Saver product.

SLIM Kantar People's Award

Voted as the most popular life insurance company in 2021, the Company was presented with the SILM Kantar Award for the 16th consecutive year in March 2022. The Company has won this award since the inception of the award. The People's Award is the result of a collaboration between SLIM and Kantar Group of UK. The winners are chosen solely by people's votes, through country-wide research conducted by Kantar.

Brand Finance – Most Valuable Life Insurance Brand in Sri Lanka

During the year under review, also the Company achieved another key milestone in its corporate journey, with the Ceylinco Life brand value moving five places upwards in its brand value. Thereby the brand value ranking was elevated from 'AA' to 'AA+'. This was published by Brand Finance, the world's leading independent brand valuation consultancy. It valued the brand at Rs. 3.8 billion for 2022, an 8.8 percent increase over the value assigned to the brand last year. The Company was ranked as the 28th most valuable brand among the 100 most valuable brands in the country, which included large banks, telcos, and retail giants.

Great Place to Work

For the third consecutive year, the Company was certified as a 'Great Workplace' by the Great Place to Work franchise in Sri Lanka, a global authority on workplace culture especially high-performance and high-trust workplace cultures. The Company's trust index score increased by five marks enhancing its value as a sought-after employer. The Company garnered high scores in corporate image, meaningful values and integrity. The survey covered 100 percent of Ceylinco Life's full-time employees.

Recognitions for the Annual Report at the CMA & CA Awards

The Institute of Certified Management Accountants (CMA) of Sri Lanka recognized the 2021 Annual Report as one of the 'Five Excellent Integrated Reports' at the recently held CMA Excellence in Integrated Reporting Awards.

The Ceylinco Life Annual Report 2021 was awarded a joint Silver Award in the TAGS Awards organized by the Institute of Chartered Accountants, Sri Lanka in the Insurance Companies Category. This award reaffirms the Company's commitment to the value of transparency, accountability and integrity while maintaining excellence in financial reporting.



Human Capital

As one of the preferred employers in the country, Ceylinco Life Insurance remained committed to encouraging its employees and sales force to attain their full potential through a host of supportive policies and benefits which are highly competitive. The company's certification as a Great Place to Work was upheld in 2022 as well. There was a greater focus on employee retention and job security considering the ongoing financial crisis. The company took great efforts to align existing HR policies to improve diversity, inclusion and pluralism.

Performance Management

Ceylinco Life determines the suitability of employees for career succession via a comprehensive performance evaluation. A 180° evaluation is conducted on a bi-annual basis, comprising self-evaluations, which are then escalated to the respective department heads to assess the accuracy thereof, and determine whether departmental objectives were met by each employee in achieving the corporate objectives as the final outcome. Alignment with KPIs is assessed by means of the company's HRIS, which is a computer-based evaluation system that helps standardise the appraisal process.

Training & Development

The company identified and addressed a number of training needs during the year. A number of training programmes were held in the year under review. Online and in person training programmes covering 19 training hours per employees and E-Induction training and online aptitude tests for all the new recruits were organized.

Employee Productivity Measurements

At Ceylinco Life Insurance, 70% marks in the performance appraisal are allocated to job specific Key Performance Indicators developed in line with SMART concept. An online platform is provided to share

innovations, strategies and ideas that would enhance the organisation's overall proposition and productivity. Corporate objectives are cascaded down to department and individual levels. The overall productivity of the corporate objectives are measured based on the effectiveness of the Individual performance.

Rewards and Recognition

All employees are provided with benefits and rewards that far exceed industry standards to promote work-life balance and boost employee satisfaction; a longstanding commitment that elevates Ceylinco Life's status as a preferred employer within the insurance sector. The organisation is focused on combining the right balance of extrinsic and intrinsic rewards and benefits to attract and retain exceptional talent. The key areas of rewards are financial, benefits, learning and development and employee voice. Employees enjoy a host of benefits in times of personal strife and for ensuring their health and safety.

Team Building Initiatives

The company promotes the team spirit through a variety of sporting, cultural and fun events that bring staff together including online Avurudu Kreedu, CSR activities, representing the company at competitions, tournaments, quizzes, netball and cricket at industry level competitions. Cultural events and staff family outings keep employees engaged.

Staff Felicitation

Various events are organized to appreciate and felicitate employee achievements, including annual merit awards - Most Outstanding Achievers Awards for Assistant Manager and Executive Categories; Best Customer Service Excellent Awards; Best Team leader awards for branch Staff; Supper Idea Hero Awards and commendation letters for exceptional performance and detections.

The Company held its award ceremony themed 'Breakthrough to Excellence', where it recognized and rewarded top sales professionals and non-sales staff for the year 2022. The year also marked the Company's 18th successive year as the market leader in the life insurance industry. A company-maintained hybrid AXIO cars were presented to the top salespersons.

Looking ahead, a priority for the company is to ensure employees are equipped with the required competencies by identifying specific training requirements and formulating a training plan to address such individual needs. There is also a focus on employee retention strategies and a mechanism to identify job security indicators taking into account the financial and economic instability prevailing in the country. This will be achieved through a robust succession planning process, creating a talent pool and ensuring that vacancies at assistant manager category and above are filled internally, creating career development opportunities for employees within the company.



Social and Relationship Capital

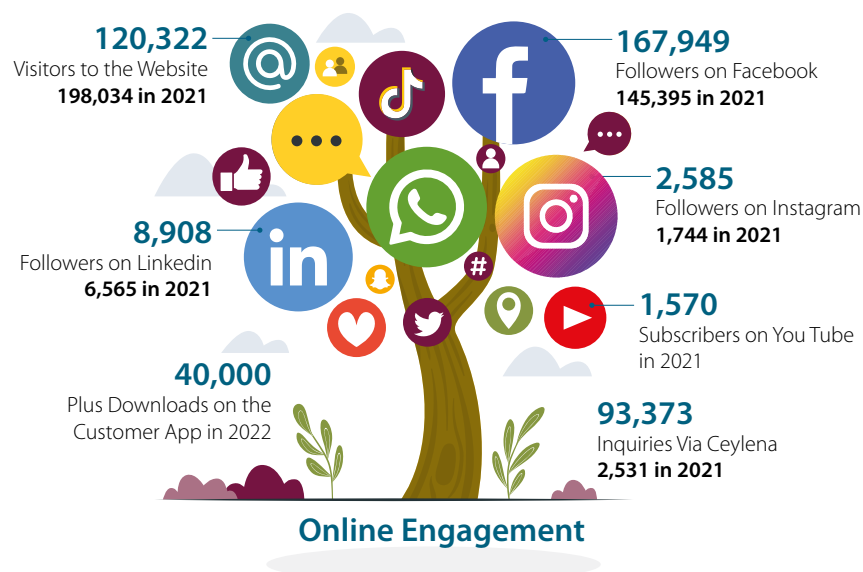
Built on the purpose of derisking the future, Ceylinco Life offers a comprehensive portfolio of products and services that support policyholders and their loved ones at every stage of their journey. Over the years, the company has successfully derisked over 1 Mn lives by sharing the message of life insurance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

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

Marketing Communications

The company's objective is to grow market share up to 25% while retaining market leadership. This would be achieved by developing alternative channels and promoting customer convenience by digitizing the customer journey, enhancing benefits for existing policies and maintaining the best customer service in the industry. Ceylinco Life continued to maintain and upgrade its communication channels during the year. The company revamped all its digital touchpoints in 2022, including the launch of a new website, a new customer payment portal, better online life insurance, retirement and investment platforms and customer app. All platforms are aligned to provide ease and security to customers to enable the payment of their premiums and check their policy details etc.

MANAGEMENT DISCUSSION & ANALYSIS



Community

As a responsible corporate citizen, the Company engaged in several initiatives by delivering value to the community it serves. The Company's endeavours were ably supported by its island-wide branch network and its dedicated team.



Corporate Social Responsibility (CSR) Health and Wellbeing

Health and well-being remained the utmost priority for the Company when strategising its CSR campaigns for 2022:

High-Dependency Units

The Company continued to maintain the five High Dependency Units which has been donated over the years by the Company to five key state hospitals. A three-member team has been dedicated to this specific purpose is deployed for the timely attention necessary to upkeep the units.

Health Camps

With the COVID-19 effects receding, the Company commenced conducting its 'Waidya Hamuwa' health camps across the island. Seven such health camps were conducted successfully in 2022 with

1360 persons being screened through a variety of health care examinations. The investment made of conducting these health camps increased by a 100% due to the escalation of expenses experienced in the first half of 2022, which resulted in exponential increase in costs.

Education and Future Progress

Focusing on the future of younger generation the Company continued to upgrade the classroom systems in rural areas of Sri Lanka by providing much needed facilities to schools. Although the Company aimed to complete twelve classrooms within 2022, the unprecedented socio-economic constraints impeded the plans in the first half of the year under review. The Company, however, was able to construct and complete a classroom in Sevanagala and is planning to open a classroom in Horana for the Company's 35th anniversary in 2023. Eight classrooms were identified to be repainted and the Company employees from various branches extended their support in this project, augmenting employee engagement in Company CSR activities.



The Company plans to conduct eight health camps and complete the construction of three classrooms, with plans to expand its team to visit hospitals and medical institutions in the surrounding region to identify their needs and gaps with a view to providing the needs and uplifting facilities. Matale hospital is earmarked to be supported to coincide with the company's 35th Anniversary in 2023.

Life Insurance Week

The Ceylinco Life Insurance Week in February 2022 for the 15th consecutive year, where 312 children in three age groups were rewarded for submissions to 'Sihina Sithuwam' art and essay competition. The objective of the competition was to elicit from the children an emotive message about their future ambitions in life.

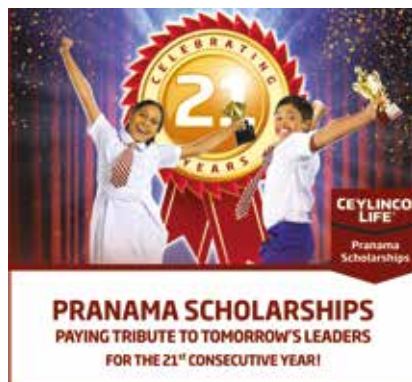


Pranama Scholarships

The 21st Pranama Scholarship event was held as a virtual event, where 147 students were granted scholarships to the value of Rs. 11.1 million. Presented to the children of policyholders who achieved the best results in their respective districts at the Year 5 scholarship examination, the GCE Ordinary Level, and the GCE Advanced Level as well as to those who excel at the national level in sports, invention, drama, cultural activities, or display other special skills - the Company also paid special cash awards to policyholder's children placed second, third and fourth at district level at the GCE Advanced Level examinations.

The event in 2022 rewarded 28 students who excelled at the 2021 Year 5 scholarship examination with Rs. 120,000 each, payable in instalments over five years. Another 25 students who excelled at the 2020 G.C.E. Ordinary Level

Examinations each received Rs. 84,000, payable monthly over two years, while 25 students placed 1st in their districts at the 2020 G.C.E. Advanced Level examinations received scholarships worth Rs. 144,000 each, payable over a three-year period.



Since its inception in 2002, the Pranama Scholarships scheme has resulted in the awarding of Rs. 166 Mn in scholarships to 2,887 students, and with the scholarships presented in 2022 the disbursements reached Rs. 177.1 Mn and benefited 3,034 young Sri Lankans.

Year 5 Scholarship Seminars

Ceylinco Life funded seven seminars in 2022 in Aralaganvila, Galenbidunuwewa, Kantale, Kiribathgoda, Kurunegala, Matale and Nattandiya that benefitted over 1,800 students who prepared for the Year 5 Scholarship Examination to be held in December 2022. The seminars were presented by an experienced teaching instructor who specializes in conducting practice sessions for Year 5 scholarship students. The Company has been organizing similar programmes for scholarship students since 2010 and has completed over 100 seminars that were attended by more than 30,000 students over the years.



Natural Capital

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

Energy Conservation

The company's long-term objective lies in reducing its dependence on energy sourced from fossil fuels, while increasing its reliance on renewable, cleaner energy sources. With the aim of enhancing its renewable energy component, the company invested LKR 32.4 Mn in augmenting its solar energy capacity by 233.16 kW. This is company's largest investment in this regard since year 2012. The largest solar power plant (110 kW) was installed at Serene Resorts. Two branches in Kurunegala and Ratnapura were converted to solar power thereby moving away from the national grid and generating savings in electricity costs. As a result of these initiatives, the company consumed 1,464,582 KWh of electricity during the year, recording a year-on-year reduction of 26%, and contributed 790,242 KWh of solar power to the national grid in 2022.

MANAGEMENT DISCUSSION & ANALYSIS

Environmental projects in 2022

Natural Capital		
• Reduced carbon footprint by 17% • Proposals through e-submissions to reduce paper in insurance proposals – 96% • Home Garden project • Sustainability Champions award. • Year - around e-flyers to staff about the best practices • Workshop/ Webinar for employees about the importance of environment sustainability • Company carbon footprint quantification and verification according to the ISO standards • Plastic collection bins in five own branches	• Conversion into R-410 air conditioners • Green buildings – 2 buildings per year • All solar projects to be registered to obtain carbon credits for offsetting • Reduce carbon footprint by 5% • Replace generators with battery back-up systems	• Sustainable business expansion and development • Responsible resource management and disposal • Conversion into a plastic & polythene free workplace • Replace generators

Waste water Management

Ceylinco Life engages in rainwater harvesting - an initiative that saves 375,000 litres of water per year. All washrooms within the company's owned buildings are fitted with sensor-controlled and flow-controlled water fittings to ensure the usage of water is optimized.

Waste Management

Ceylinco Life monitors and manages the responsible disposal of three types of waste: paper, food and e-waste. All discarded e-waste and paper are ethically disposed of via authorized recyclers. As a result of this process, the company was able to reduce the cost of storage by 50% during the year, and recycle all disposable documents via an accredited third-party service provider.

Renewable Energy

Ceylinco Life is deeply committed to expanding its renewable energy capabilities, especially considering the shortage of fuel and electricity. The company made considerable strides in this journey during the year by augmenting its solar power network by 42% increase over year 2021. This included the enhancement

of the Kurunegala branch from the 3 KW system established 12 years ago to a significant 33 KW system.

Water Usage Management

All Ceylinco Life branches utilize pipe-borne water, with the exception of the Bandarawela branch, while the Jaffna, Nelliadi and Wennappuwa branches rely on well water. Water for drinking purpose is sourced via external suppliers. The company has established sewerage recycling plants in 07 locations. The company's water consumption recorded a notable decline of 14% to reach 3,705,000 litres, primarily due to reduced employee attendance at branches during a greater part of the year

OPERATIONAL REVIEWS

SECTOR REVIEW: EDUCATION



CEG Education Holdings (Pvt) Ltd., the Education subsidiary of Ceylinco Insurance PLC is continuing to offer a wide range of opportunities in Sri Lanka to acquire knowledge in vital sectors of Information & Technology, Business, Engineering, Natural Sciences, Psychology and Law. The Group is making an investment for the future of our country in order to provide the proper foundation for Graduates and Postgraduates courses.

Despite all the barriers the Group managed to improve the turnover by Rs. 676 Mn and profit before tax Rs. 319 Mn. The total assets of the Group stand at Rs. 10,753 Mn as at 31st December 2022. The industry has significant market potential in attracting large numbers of foreign students, especially to pursue international degree programs in Sri Lanka at a fraction of a cost compared to travelling to the country of the respective partner universities. Unfortunately, all foreign students who were studying in Sri Lanka left after the Easter bomb explosion and institutions couldn't attract them back due to COVID-19 and the economic crisis.

In the meantime, current Sri Lankan visa policies need to be improved to facilitate the inbound students' mobility to Sri Lanka. The industry players believe that if the Government takes the necessary steps towards promoting Sri Lanka as an "education hub" to attract foreign students to study in Sri Lanka which could be a major foreign exchange earner. In addition to higher education, Ceylinco's



Education Sector also owns and manages international recognized pre-schools and primary and secondary schools.

The CEG group acquired Alethea School (Pvt) Ltd., which is a 95-year-old government-approved private school, and Alethea International School (Pvt) Ltd, in the year under review.

The following Educational Institutes are under the umbrella of the CEG Group:

ANC Education

ANC Education is the largest US education provider in Sri Lanka, which is an ISO 9001; 2015 certified company offering widest range of opportunities for students transferring to US universities. In its capacity as the largest transnational education provider, ANC Education has through its student placement arm enabled thousands of students to benefit from higher education by placing them in the best universities in USA, UK, Germany, Canada, Australia, Malaysia etc. Its medical students' placement arm is the most preferred medical students placement entity in Sri Lanka which has linked with medical universities in USA, UK, Europe, Australia, India, Malaysia, Russia etc. Foundation and Higher Diplomas offered by ANC are accepted by universities in

Australia, Canada and UK to proceed with Degree programmes in the respective countries in a wide range of disciplines. The US Business Degree offered by ANC could be completed in Sri Lanka and with its British university partner it offers Degree completion in Sri Lanka for Bachelors and Masters Degrees. ANC has further developed an Executive MBA with a partner university. The programme will be completely delivered online and plans are underway to attract students from other countries.

ANC Modern Montessori International (MMI)

This is an extended collaboration of Modern Montessori International (London) Group which has an estimated 100 pre-schools and teacher training centres in 16 countries of which 12 are in Asia, thus making it one of Asia's leading pre-school education providers. MMI won the 'Top Brand' award for the pre-school sector in 2015. The biggest challenge in 2022 was to teach kids below five years online. However, the young minds adapted faster and better to a new method of learning. Currently, the institute is operating from 3 locations, namely Colombo 5, Dehiwela and Kotte. There are plans to expand this network to other major towns in the island.

MANAGEMENT DISCUSSION & ANALYSIS

International College of Business & Technology Ltd (ICBT Campus)

Established in 1999 to provide affordable and internationally recognized educational qualifications in Sri Lanka, it has over the years proved to be one of the leading institutions of its kind, providing a truly campus type of environment. This has been confirmed by the fact that ICBT has been the overall winner of the National Business Excellence Awards in 2014, 2015, 2016, 2018 and 2019. In addition to this recognition, ICBT has also been selected as the 'National Partner of the Year' of the British Council since 2011. The institute is an ISO 9001; 2015 certified company.

ICBT Campus offers Diplomas, Higher Diplomas, Bachelor's Degrees, and Master's Degrees in association with the leading British universities. The ICBT Higher Diplomas are the first and only British university awarded qualifications in Sri Lanka which is equivalent to the second year of a British university degree. ICBT has established branch campuses in Kandy, Kurunegala, Galle, Matara, Jaffna, Batticaloa and Gampaha.

ICBT has received approval as a Degree awarding Institute from the Ministry of Higher Education and will offer its own Degree of Bachelors of Business Management (Honors) Degree and Bachelors of Science (Honors) Degree. The construction of the new 14-storeyed state of the art building of ICBT next to its 8-storied building at the Duplication Road, Colombo 03 is now completed and students are reaping the benefit of the 200,000 sq. ft. building.

NetAssist International

It was established in 2002 as a BOI approved joint venture between Singapore NetAssist Services and CEG for providing IT training and professional certification. Currently NetAssist International is managed by the American Education Centre, thereby bringing advanced IT

ICBT received the approval for the BSc in Software Engineering programme from the Ministry of Higher Education, Sri Lanka. In addition, the ICBT Kandy branch has been awarded degree awarding status on its own and its Bachelors of Business Management and Software Engineering Degrees have been approved to be conducted in Kandy by the Ministry of Higher Education.

training and internationally accredited certifications within the reach of Sri Lankan students at an affordable cost.

NetAssist, through its affiliation with VUE Authorized Test Centre, offers on-line examination facilities for Microsoft, Oracle, Cisco, CIW, VMware, CPA Australia, Red Hat, EMC, Novel, HP ITIL and Kryterion. Microsoft recognized Net Assist International is a Gold Certified Partner for learning solutions and for many successive years received the award as Best Learning Partner. In 2007 Oracle appointed Net Assist as its Authorized Education Centre for Sri Lanka and Maldives. Net Assist also provides valuable IT consultancy services such as software development, network designing, network security, data storage, communication servers and all Microsoft certification and project management certification products.

Wycherley International School Colombo

Being founded in 1985 makes it one of the first of international schools in the country. It is housed in what can be described as a 'heritage building' since it was once a Nursing Home built in 1922 and owned and managed by the celebrated surgeon and author Dr. R.L. Spittle. Wycherley is the first and only comprehensive centre for Cambridge Education from Year 1 to 13 and has achieved a quality of educational excellence which is on par with global standards.

The commencement of construction of the first stage of the 6-storey building protecting the heritage building has already started in spite of the high construction cost at the same location and will be ready towards the end of 2023.

Wycherley International School Gampaha

Formally known as Regent International School is located in Gampaha, it was established in 2001 and renamed Wycherley International School Gampaha. The school is a fully equipped international school which conducts classes from Nursery to Advanced Level and offers the Cambridge curriculum

Wycherley International School Dehiwela

During the year under review, Alethea International School (Pvt) Ltd was acquired by Wycherley and was renamed as Wycherley International School Dehiwela. The classes start from grade 1 to University entrance in the Edexcel stream at present and will be converted to Cambridge curriculum during 2023. In addition to studies, Wycherley International School Dehiwela has an excellent reputation for its strong soccer team.

Alethea School

This is a 95-year-old Government approved private school licensed to coach students in all three mediums of delivery up to Advance Level. The School

was founded in 1928 by Mrs. Katharin Hapugalle and was run by the Hapugalle family up until the time CEG took over in the year under review. The Government license of the school could be extended to 5 locations and is part of its expansion plan.

CEC Events (Pvt) Ltd

This is an event management company which has organized a wide range of mega events in Colombo and in major cities island-wide. In addition, it provides key services such as research, planning, marketing, promoting, stall constructing, photography and all other pre and post event activities. However, this company was very badly affected due to COVID-19 as large gathering for exhibitions were not allowed. However, the Company has performed extremely well in 2022.

CSR Activities

Corporate Social Responsibility is considered part and parcel of academic activities of students. Raising funds for CSR projects and carrying out projects are embedded in the curriculum of the first-year degree programmes.

Review by the Chairman 
Dr. Jagath Alwis



MANAGEMENT DISCUSSION & ANALYSIS

ICBT Capitals Management



Financial Capital

Despite the challenges arising out of the economic crisis, ICBT managed its business with resilience. The exchange rate fluctuation and the restrictions in foreign currency transactions posed a threat to the business during the year under review.

As a leader in the private higher education sector, ICBT campus has a number of partners around the globe and the core business has payment obligations in foreign currency. However, with the assistance of its partners, ICBT was able to manage the situation during last year.



Manufactured Capital

ICBT purchased land in Kurunegala where the construction will begin this year with the intention of occupying the campus in 2024.

Two new branches will be opened in 2023.

ICBT is pursuing opportunities for international expansion as a growth strategy in the year 2023/2024.



Intellectual Capital

ICBT is positioned in the market as the market leader in private higher education industry and as an affordable destination for high quality British Degree programmes. Its flagship product - Master of Business Administration - has an overall market share of 50%. Other products such as Bachelor's degrees, higher diplomas and Diploma programmes have a market share varying from 10% to 50%.

ICBT offers over 50 diplomas, Higher Diplomas, Degrees and Masters programmes in various disciplines such as Business management, Information technology, Engineering and Construction, and Health and Sciences.

ICBT has 15,000 students currently studying at 9 different campuses and online from Diploma to Masters levels. Over 65,000 students have graduated from ICBT over the past 23 years.

Achievements in 2022

ICBT received the approval for the BSc in Software Engineering programme from the Ministry of Higher Education, Sri Lanka.

In addition, the ICBT Kandy branch has been awarded degree awarding status on its own and Bachelors of Business Management and Software Engineering Degrees have been approved to be conducted in Kandy by the Ministry of Higher Education.

Research

A sum of Rs. 500,000 was invested in research activities during the year.

The 5th Annual International Research Symposium

The 5th Annual International Research Symposium of ICBT Campus was held at Amphitheater on the theme of "Embracing change & Transformation- Break Through Innovation and Creativity", which has opened up into a multidisciplinary approach introducing a new area, Project Management to supplement the existing areas, Business Management, Information Technology, Health Science, Social Science, Engineering and Construction.



New Products

In a new development, ICBT signed up with a new American College for their transfer programme and also signed up with a Malaysian University to deliver their programmes.

An LLB Program with the University of Sunderland was introduced in the year under review.

Certifications

ICBT Campus extended its ISO 9001:2015 for its operation. Furthermore, the internal quality assurance department of ICBT conducts bi-annual academic quality audits to continuously improve the quality of the higher education services.

Digitalisation

As an institution, ICBT initiated the digital process in most of its operations. With the eventual goal of going paperless, ICBT is using electronic and digital platforms. ICBT also initiated digital interaction amongst branches, thereby reducing expenditure on staff travel.

Process Improvements

Continuous process developments are carried out. ICBT has its own software development team which manages the ERP system. A number of modules were introduced to enhance the user experience for academic, admin and marketing departments.

Awards & Accolades

ICBT Campus participated in the Sri Lanka National quality award competition organized by Sri Lanka Standards Institution last year and won the Merit award under the Education sector - large category.



Social and Relationship Capital

Customer centricity

ICBT partners with many reputed educational universities and awarding bodies to maintain internationally recognized standards in education. A number of new programme developments were carried out in partner universities during the year. These efforts help enhance the variety of educational opportunities for students

Adding Value

A number of webinars were organized for students by international academic institutions. ICBT also organized an Annual International Research symposium (AIRS) for researchers to showcase their research competencies with the participation of international universities.

Enhancing Visibility on Social Media

A number of initiatives were taken to enhance the social media reach. ICBT carried out online virtual competition, among students and general public during the year. Several musical events were organized for students.

The digital reach was exceptional where ICBT tried out new digital platforms. Further, ICBT started generating some income from YouTube as viewership increased to a significant level with new student content and special events.



Natural Capital

The institution is working towards introducing renewable electricity to the main ICBT campus in Colombo.



Human Capital

Technology Tools

ICBT is using Microsoft Teams and learning management systems like Moodle.

Employee Welfare Initiatives

- A seven-month bonus was extended for employees in 2022/23. In addition, medical insurance and staff discount schemes are available for ICBT educational programmes to encourage learning and development amongst staff. The discount scheme is extended to family members as well.
- Staff is enabled to work remotely when required.
- An annual staff trip was organized for staff from all branches with an overnight stay to encourage fellowship. Annual marketing awards and service appreciation awards were conducted during the year to motivate and appreciate their efforts.
- Academic staff members receive regular training and development from partner universities.
- ICBT also organized a “staff night” for all staff members to build team spirit.

ICBT Campus Graduation Series was held at Bandaranaike Memorial International Conference Hall



MANAGEMENT DISCUSSION & ANALYSIS

ANC Capitals Management



Financial Capital

ANC successfully increased revenue by 25% in 2022 compared to the previous year. Operating profit increased by 50% compared to 2021. However, the rupee-dollar exchange rate fluctuation impacted the company as programme fees became unviable for some students due to a decline in disposable income of families as a result of the economic crisis.

A budget monitoring system was introduced during the year to better manage cash flow. During the year, ANC enhanced its investment portfolio to cover T-bills, Repos and USD & GBP Fixed deposits.



Manufactured Capital

ANC Branch Campuses: Colombo & Kandy

ANC Education took another step forward in 2018 with the opening of its branches in Colombo & Kandy. The new campuses designed and equipped to international standards are located at 126, Maya Avenue, Colombo 06 & 322, Peradeniya Road, Kandy. The new branches are expected to provide accessible education services to deserving students. And everything, from academic delivery, student services to state-of-the-art resources will be identical to those offered in ANC's flagship campus at 310, R.A. de Mel Mawatha, Colombo 03.



Wycherley International School

Wycherley International School at Bauddhaloka Mawatha in Colombo 7 is one of the oldest International Schools in Sri Lanka. Wycherley is also the First and Only Comprehensive School for Cambridge Education from UKG – Grade 12 in Sri Lanka.

Wycherley International School stepped into a new venture by acquiring Regent International College (RIC) under its umbrella. This has expanded the network of schools under the Wycherley brand name and through this acquisition school has branched out its business to the Gampaha district.



In December 2022 Wycherley further expanded to Colombo South by acquiring Alethea International School and Alethea School. The International School has been re-branded as Wycherley International School – Dehiwala and the National School continues as Alethea School.

ANC Modern Montessori International (London)

ANC –MMI with more than 500 children being nurtured by MMI Diploma holders in 3 preschools located in Colombo 05, Kotte and Dehiwala is a member of Modern Montessori International (London) Group, which has over 100 centers worldwide with training offices in London, Singapore, Malaysia, Thailand, Indonesia, Vietnam, Hong Kong India, Sri Lanka, the UAE, Egypt, Kenya and Nigeria.

The Diploma Training Centre in Sri Lanka offers the Diploma in Montessori Method of Education for those interested in teaching children from 2.5 years to 6 years of age.

ANC MMI students have direct access to all Wycherley International Schools and Alethea and has students successfully gaining admission to all top local and international schools in Colombo and Suburbs.





Intellectual Capital

Currently ANC offers:

20-30 programmes catering from Foundation, Diplomas to undergraduate, postgraduate and placing students in foreign universities

Product Innovation

Three new programmes were introduced during the year including LLB, LLB with foundation and Diploma in Early Childhood Education.

Certifications

- ISO 9001-2008 certification (currently being renewed)
- Sri Lanka National Quality Awards 2020-Commendation certificate in the category of Education (Medium scale)
- ISO 9001-2015 (renewed every year)

Awards & Accolades

- National Bronze Award for Industrial Excellence at Ceylon National Chamber of Industries (CNCI) Awards
- Bronze award –National Lean Six Sigma (NCQP), SLSI -Certificate
- Top 10 Award, CNCI Achiever Awards 2022-Bronze-Large category



Natural Capital

The aim is to reduce carbon foot print by eliminating student file creation and receipt printing to reduce paper usage to have a beneficial impact on the environment.



Social and Relationship Capital

Strategic Partnerships

During the year, key ANC staff visited affiliated educational institutions in the UK to further strengthen their mutually beneficial relationships.

ANC Academic Partners/ University Partnerships

ANC boasts a long-standing partnership with Northwood University (NU), a well-accredited business university from the US. Northern Arizona University (NAU) is one of the top public research universities in the US. ANC's robust ties with the University of West London, a top 50 university from the UK, have brought in the highest ranked British degree programmes in Business, Psychology, and Law. Student credentials and transcripts from NU, NAU, and UWL are equally valuable as those issued in the US and UK and ANC students are assured of the same standard of education as practiced in the US and UK.

With 70+ articulations in place for guaranteed credit transfers to world-class US universities from New York, California, Texas, Pennsylvania, Michigan, Missouri, etc. as well as top Canadian Universities of Toronto, Ontario, Nova Scotia, Manitoba, and British Columbia; ANC transfer students are assured of a truly extraordinary college experience in the US and Canada. They also save up to 70% of tuition and living cost estimated to be spent in the first two years in the US/ Canada.

ANC Australian Foundation and Diploma Programs

ANC Australian Foundation and Diploma Programs open up pathways to the 1st and 2nd year of 24 leading universities in Australia, including University of Western Australia, University of Adelaide, Deakin College, La Trobe College, University of Tasmania, University of South Australia, Edith Cowan College, William Angliss Institute, and Murdoch University.

While Pearson BTEC (Level 4-5) qualifications are well-established and globally recognized, UWL gives ANC students with HND qualifications a unique opportunity to top up their qualifications to a bachelor's degree in business, IT, or psychology.

ANC Medical Placements

ANC Medical Placements is Sri Lanka's most established medical placement program. ANC has placed over 2000 students, blessed with a career and a passion that come together, in top-ranked medical schools such as Yerevan State Medical University (YSMU) of Armenia, Mahsa University from Malaysia, Tbilisi State Medical University (TSMU) of Georgia, First Moscow State Medical University of Russia, and Western Sydney University from Australia.



Human Capital

ANC has 4000 students per annum.

The company's staff, including teaching faculty, drives the institution's goals to create knowledgeable leaders for the benefit of future generations.

Some of the key challenges during the year were the rate of migration of key staff members which created a knowledge gap to cater to students. Moreover, online classes were not as effective as in-person teaching.

Employee Demographics

Training & Development

- Training sessions are held for sales staff and newcomers on a monthly basis:
- Finance staff received technical training by the Institute of Chartered Accountants of Sri Lanka to further enhance their operations.
- The HR department too was updated on new labour law amendments and labour acts.
- Data analytical and data representation training was also given to employees in the IT department.

MANAGEMENT DISCUSSION & ANALYSIS

Enhanced Customer Care

The Centre is the customer facing department at ANC and offers product orientation for all customers at the beginning. Every department in the organization is geared towards enhancing customer experience, in this case, the overall experience of students. The Internal Marketing team together with Academic Administration schedules field visits, clubs and society events for students. The Maintenance Department ensures necessary training and orientation is imparted for building maintenance related service providers prior to commencement of any job at ANC to ensure compliance.

The academic heads and the academic administration are engaged in carrying out academic and quality audits to maintain the world-class education that students seek. The IT Department also conducts KPI evaluations during the year. The sales and marketing teams map target versus achievements to ensure student body expansion. Various competency evaluations are conducted to ensure that the institution remains at the cutting edge of private higher education in the country.

Remuneration

Employees are given performance linked promotions and salary increments. A monthly payable sales commission scheme is also in place as incentive to employees.

Leadership Development

Recognising high performing staff within the team and giving opportunities for career growth and grooming them to the next level is a key endeavour.

Staff Welfare Initiatives

- Providing a gift upon for anniversaries; sending birthday wishes to staff
- Funeral fund payment for immediate family members; gifts for newborn babies of staff

- Distress loans for permanent staff
- Wedding gift for permanent staff above service period of three years

Work Life Balance

The following measures are in place to ensure staff enjoy work-life balance:

- Work From Home Policy
- Maternity benefits
- Leave allocation
- Special celebrations to commemorate New Year, International Women's Day, Avurudu; and other religious and non-religious events.

Staff Recreation

Ample opportunities are provided for staff to engage in fellowship and camaraderie which helps build team spirit. Further, a variety of fun activities are held in partnership with staff groups at the end of the year. The staff day outing is an eagerly anticipated event.

Celebrating Staff

Staff contribution is championed by celebrating staff work anniversaries along with other professional achievements such as gaining new professional and academic qualifications. In fact, a group staff discount policy is in place for staff and their families to pursue academic and professional education at the institute.

A Graduation Ceremony is Arranged for Students Annually



OPERATIONAL REVIEWS

SECTOR REVIEW: POWER & ENERGY



Although most South East Asian countries managed to recover fast and showed positive economic growth at the beginning of 2022, Sri Lanka posted the most dramatic and historical failures in managing its post pandemic economy. By holding on to the US dollar by artificially pumping out national reserves until they ran dry, the country declared bankruptcy by end March 2022, unable to pay for imported diesel and heavy fuel for power generation. Thus, the crisis started with long extended electricity load shedding up to 13 hours per day. The civil unrest followed as a result.

Not reflecting the real costs behind electricity generation to the consumer tariffs was the most short-sighted decision by the government which led to the power crisis, a key reason to ignite the economic crisis. When the government decided to free float the US dollar in March 2022, CEB's generation costs doubled, as 60% of generation came from imported fossil fuels such as coal, heavy fuel and diesel. The total revenue collected from consumers was insufficient to buy fuel to provide 24X7 uninterrupted power. This resulted in further deteriorating CEB's income.

Renewable power producers were not paid for supplied electricity on time since 2021. By end of 2022, the problem aggravated up to 13 months of non-paid invoices.

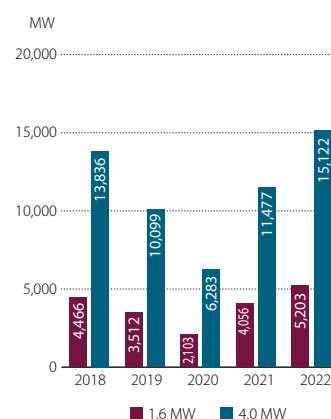


Many renewable power producers had to declare bankruptcy as almost all loans to the sector has gone non performing. The total debt which CEB owes the renewable energy sector stands more than LKR 45Bn today.

One strong step to recover from the foreign debt crisis is to develop indigenous and environmentally friendly green energy from natural sources like hydro, wind and solar. By breaching long term contractual obligations, CEB and the government is closing the door for new renewable energy projects and driving the existing projects to a natural death.

The Power and Energy Sector of the group now comprise of 4 small hydro power plants with a combined capacity of 14MW and four ground mounted solar power projects with a combined capacity of 4MW.

Ceyhydro Developers Pvt Ltd



The central mountains of Sri Lanka were blessed with very high rainfall throughout the year 2022. This resulted in reaching the targeted generation from our hydro power plants.

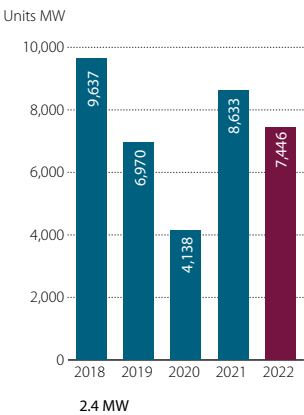
The 4 hydro power plants, namely Rajjammana, Kumburuthaniwala, Loggal Oya Phase 1 & Phase 2 operated well during the year. As an overview, Kumburuthaniwala (2MW) achieved 85%. Loggal Oya Phase 1 (1.6MW) achieved 80%. Loggal Oya Phase 2 (5MW) achieved 79%. Rajjammana bypassed its target as usual by achieving 110%.

MANAGEMENT DISCUSSION & ANALYSIS

All projects recorded lower breakdowns due to continuous operation of the project throughout the year. The plants have a sizable inventory of spare parts. Technical services are available for 24X7 operation of the plants.

The Solar Power Projects, namely, EGL Solar Mathugama (2MW) and EGL Solar Galle (2MW) performed to 85% of its targets during the calendar year 2022. The main reason for the deviation was the scheduled power shedding by CEB throughout the year.

Ceypower Cascades Pvt Ltd



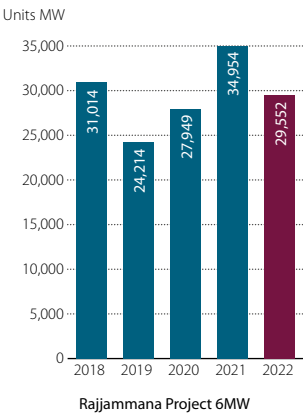
From a country and global power sector perspective, one welcome move by the government is to formulate the consumer electricity prices to be cost reflective. This policy, if practiced long term will pave the way to help recover CEB from its bankrupt position.

As a serious player in the industry, our company is worried about the future economic and power sector growth in Sri Lanka. The shortage of foreign exchange is a major challenge in developing renewable energy in the short term. As a result the board has taken a decision to diversify our expansions to other regions such as sub Saharan Africa.

As a serious player in the industry, our company is worried about future growth in the economy and the power sector in Sri Lanka. The shortage of foreign exchange is a major challenge to develop renewable energy in the short term. As a result, the board has taken a decision to diversify our expansions to other regions such as sub Saharan Africa. Board members and senior managers have made visits to assess the possibilities of developing solar and hydro power plants in countries like Uganda and Zambia.

Few visits have been made by board members and senior managers to assess the possibilities of developing solar and hydro power plants in countries like Uganda and Zambia.

Energy Generator (Pvt) Ltd



Review by Director/CEO 
Mr. Upali Witharana





Financial Capital

Name of the Company	Revenue
Ceyhydro Developers (Pvt) Ltd	122.3 Mn
Energy Generators Pvt Ltd	342.4 Mn
Ceypower Cascades (Pvt) Ltd	61.4 Mn

The Power and Energy Sector of the Group performed strongly during the year despite the challenges facing the sector. The Group's 4 small hydro power plants with a combined capacity of 14MW surpassed the set targets for the year due to an abundance of rainfall in the location of the power plants. Of the 4 hydro power plants, Kumburuthaniwala (2.4 MW) achieved 85%. Loggal Oya Phase 1 (1.6 MW) achieved 80%. Loggal Oya Phase 2 (4 MW) achieved 79%. Rajjammanna bypassed its target as usual by achieving 110%.

Non-payment of electricity generation invoices by CEB for as many as 13 months led to working capital issues and the need for borrowings at high interest rates for most companies in the sector. In addition, lower rainfall in some regions in Sri Lanka also adversely impacted hydro power generation.

Economic Impact

- Tax contribution in 2022
- Shareholder Dividends – 115 Million
- Group companies have generated and distributed to the national grid amounting to 38,073 MW electricity during the year 2022.

Substantial investment is made to ensure the plants are maintained and serviced regularly, while a sizable inventory of spare parts is maintained and technical services are available for 24x7 operations. Overall, minimal breakdowns were reported during the year due to continuous operation of all plants.

Looking to add further value, the Group plans to diversify and expand to other continents such as Sub Saharan Africa, which has a high demand for power generation.



Manufactured Capital

The Power and Energy sector of the group operates four small Hydro Power plants Ceypower Cascades Pvt Ltd; Ceyhydro Developers (Pvt) Ltd and Energy Generators Pvt Ltd with a joint capacity of 14 MW.

MANAGEMENT DISCUSSION & ANALYSIS

2022	Ceypower Cascades (Pvt) Ltd	Ceyhydro Developers (Pvt) Ltd	Energy Generators (Pvt) Ltd
Capacity	2.4MW	5.6MW	6MW
Revenue (Rs)	61,419,672	122,323,327	342,428,475
Total Assets (Rs)	317,449,106	989,657,767	2,166,777,630



Intellectual Capital

As one of the experienced operators in the power and energy sector, the Group holds technical skills and knowledge which is regularly enhanced and updated to generate optimal value and operate at the fullest capacity.

During 2022, annual maintenance camps were conducted to ensure smooth operations at camps and to refresh and upgrade the knowledge of maintenance staff. As a result of efforts to ensure continuous improvement, more than 80% in process efficiency was achieved in 2022.



Human Capital

Our people are our greatest asset and are enabled with policies that ensure a safe and equitable work environment. Some of the benefits are:

Three-month Annual Bonuses

Cost of Living Allowance payment to all employees

Health and Personal Accident Insurance covers

Two staff trips with families



Social and Relationship Capital

Customer

The sole customer for the Group's power and energy operation is the Ceylon Electricity Board (CEB) and a strong working relationship exists between the company and CEB as a valued customer. Regular two-way communication is ensured through meetings and correspondence. The company ensures

that CEB can easily access any required information about its power generation activities through its customer care team.

Furthermore, the company ensures all payments to suppliers are made in a timely manner.

Community

Located in remote areas, its power plants operate within local communities, which inspire the company to work towards social betterment by engaging in some key CSR projects to enhance the lives of marginalized communities. The company has invested Rs. 3 Mn in various CSR programmes:

- Each of the group's power plants organizes Book Donation programmes for students from Nursery upwards to help them continue with their education.
- Some Montessori schools in local areas are also being funded by the Ceylinco power plants while scholarship grants have also been extended for A/L students to ease the financial burden on their families to ensure their education remains uninterrupted, thereby creating a brighter future for their families.



Natural Capital

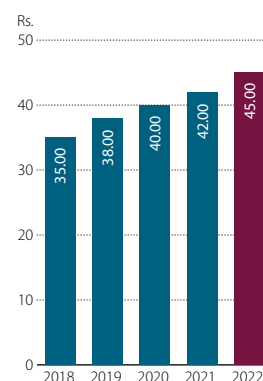
As a sector that is committed to renewable energy generation, sustainability is in its DNA. The Government of Sri Lanka's policy target of 70% renewable electricity by 2030 is an indication that this sector is poised for rapid expansion to achieve its targets.



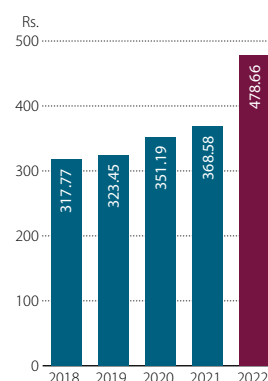
SHARE INFORMATION

		Year ended 31-Dec-2022	Year ended 31-Dec-2021
Net Assets Per Share			
Book value	Rs.	2,976.41	2,657.10
Earnings			
Earnings per share	Rs.	478.66	368.58
Price Earnings Ratio (times) – Voting		4.7	6.1
Price Earnings Ratio (times) - Non Voting		2.1	3.3
Dividends			
Interim & Final Dividend	Rs.	45	42
Share Price – Voting			
High	Rs.	2,680.25	2,474.00
Low	Rs.	1,800.00	1,846.00
Last transaction	Rs.	2,249.50	2,249.75
Share Price - Non-Voting			
High	Rs.	1,525.00	1,498.75
Low	Rs.	900.00	900.00
Last transaction	Rs.	1,026.75	1,197.00
Share trading – Voting			
No. of transactions		752	970
No. of Shares traded		132,051	169,769
Value of shares traded	Rs. Mn.	266	328
Share trading - Non – Voting			
No. of transactions		1,152	2,645
No. of Shares traded		279,343	328,177
Value of shares traded	Rs. Mn.	359	332
Days traded – Voting			
No. of days traded		150	167
Total No. of market days		231	240
% of Market days traded	%	64.93	69.58
Days traded - Non – Voting			
No. of days traded		169	214
Total No. of market days		231	240
% of Market days traded	%	73.16	89.17
Market capitalisation – Voting			
Value (Rs. Mn.)		44,990	44,995
% of market		1.17	0.82
Market capitalisation - Non- Voting			
Value (Rs. Mn.)		6,586.07	7,678.13
% of market		0.17	0.14
Price movements			
CSE All Share Price Index		8,489.66	12,226.01
S&P SL 20 Index		2,635.63	4,233.25
Ceylinco Insurance Share price - Voting	Rs.	2,249.50	2,249.75
Ceylinco Insurance Share price - Non- Voting	Rs.	1,026.75	1,197.00

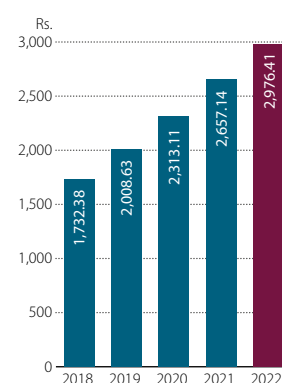
Dividends Per Share



Earning Per Share (Group)



Net Assets Per Share (Group)





**CHERISHING YOU
EVERY STEP OF
THE WAY**

GOVERNANCE

CORPORATE GOVERNANCE

Ceylinco Insurance PLC operates within a well-defined governance structure, enabling the Board to provide strategic direction and risk oversight while adhering to regulatory requirements. The structure also provides for allocation of authority while retaining effective control. The framework for this governance structure is built on the core principles of transparency, accountability and ethical conduct, which are essential for the creation, enhancement and maintenance of a sustainable business model.

Our corporate governance framework clearly defines responsibilities and ensures that the Group has the right systems and controls to empower the Board and its Committees to efficiently oversee the business, providing challenge where necessary. Our Code of Business Conduct defines how we engage with all stakeholders, ensuring that the standards and behaviours of our colleagues are constant across the Group at all levels of the organization. For that, at the Board there is a clear emphasis on setting the tone from the top and leading by example.

Recognizing that the Board must lead by example to ensure these values are embedded not just in the boardroom, but are shared and understood throughout the business and form an integral part of interaction with all our stakeholders, the Board remains committed to set the tone for an ethical culture within the organization.

The Board believes that culture plays a fundamental role in delivering strategy, and we are committed to promoting a strong and positive culture supported by our core values. Hence The Board is always upholding our well-established core values that underline how we run our business.

At all levels, the Company subscribes to the highest standards of corporate governance, integrity and ethics. It is a commitment that is essential in every step the Company takes in fulfilling its mandate. This is enabled by our robust internal governance structure which defines roles and responsibilities and enables the Board to balance its role of providing oversight and guidance to the management in strategy implementation, risk management and meeting stakeholder expectations. We continue to review our governance structure to ensure that they support effective decision-making, establish a corporate culture aligned with our purpose, foster sustainable growth and align to evolving best practice.

The structure in place focuses on the responsibility of the Board of Directors, Board sub-committees, and Senior Management of the Company who formulate, execute and monitor the Company's business objectives. It further endorses the operating structure of the organization, assignment of responsibilities and authority levels, set up of reporting lines and information to be conveyed as well as the deployment of internal control systems, including risk controls, compliance and Internal Audit.

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

Board of Directors

The Board has shared accountability to promote the long-term success of the Company and is answerable to stakeholders for ensuring that the Company is suitably managed, achieving strategic objectives, in a way that is supported by the right culture, values and behaviours throughout the Company. The Board is also responsible for ensuring that management actions are aligned to strategy and that stakeholder interests are taken into consideration.

The Board unanimously supports the focus on the strategic priorities that will enable Ceylinco Insurance PLC to build on its unique strengths and to stay competitive and with accelerate growth.

Board Balance and Division of Responsibilities

As at 31st December 2022, Board had four Executive Directors, eight Non-Executive Directors and four Independent Non-Executive Directors. Mr. Patrick Alwis and Mr. Upali Witharana serves as Executive Directors on the Board w.e.f 1st January 2023. In the opinion of the Board, all the Independent Directors are independent from the management and satisfy the criteria of independence as defined under the Companies Act No.7 of 2007 and the Listing Regulations. The Executive Chairman/Chief Executive Officer (CEO) and other three Executive Directors provide strategic direction and leadership to the Company and the Group. The Non-executive Directors bring insight and experience to the Board. They have a responsibility to constructively challenge the strategies proposed by the Executive Directors; examine the performance of management in achieving agreed goals and objectives; and play leading roles in the functioning of the Board Committees, bringing an independent view to the discussion. In addition to that, the Board, through the Nomination Committee reviews the composition of the Board on an ongoing basis.

CORPORATE GOVERNANCE

Chairman in an Executive Capacity

The Chairman/Chief Executive Officer, Mr. A.R. Gunawardena, plays an executive role in the Group. He is responsible for the effective leadership of the Board as well as day to day responsibility for the effective management of the Group. The Executive Chairman always maintain openness culture and transparency at Board meetings. Further he plays a key role in devising and reviewing Group strategies for discussion and approval by the Board. The Board satisfy that the present arrangement has been economically viable to shareholders so as not to permit any variation and that the dual role of Executive Chairman/CEO does not compromise the values of good corporate governance. This has been further guaranteed through the presence of the Independent Non-Executive Directors, including the Senior Independent Director.

Senior Independent Director

Mr. D.H.J. Gunawardena functions as the Senior Independent Director and provides a sounding board for the Executive Chairman and acts as an intermediary for the Non-Executive Directors. The Senior Independent Director is accessible to shareholders should they have any concerns, where communication through regular channels has not been effective or where such channels are inappropriate.

In addition to that, Mr. R. Renganathan functions as Non-Executive Deputy Chairman to provide an effective mechanism to maintain balance of the Board.

Board Appointments

Nomination Committee leads the process for nomination of candidates for appointment as Directors, monitors Board and senior management succession planning and Group governance matters. Appointments of new Directors are communicated to the Colombo Stock Exchange and shareholders through an announcement.

Board Meetings and Attendance

The Board meeting dates are decided in consultation with the Board members. The schedule of the Board meetings and Board Committee meetings are communicated in advance to the Directors to enable them to attend the meetings.

During the financial year under review, there were 6 Board meetings. All scheduled Board meetings are generally preceded. In addition to these scheduled Board meetings, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

The charts set out details of Directors' attendance at the Board meetings and Sub-Committee meetings held during 2022, together with individual attendance. (refer page 81)

Board Committees

The Board holds effective control through the governance framework and delegates certain functions to its committees according to clearly defined mandates and decision-making rights set by the framework. This allows the Board to allocate sufficient attention to the matters reserved for its decision-making, while also ensuring that delegated matters receive in-depth focus. Committee chairmen are accountable for the effective functioning of board committees.

The presence of Board Sub-Committees chaired by Independent Non-Executive Directors in order to strengthen good governance and serves as an effective oversight mechanism over assigned activities of the Company.

The committees' composition and areas of oversight activities for year 2022 were as follows;

Sub Committee and its Duties	Members 2022
Audit Committee The Audit Committee provides independent assessment and oversight financial reporting process, risk management strategy, internal control aspects, and compliance with financial and regulatory requirements.	• Mr. D.H.J. Gunawardena – Chairman • Mr. K.I. Dharmawardena • Mr. Yu Kitai – Resigned w.e.f. 03.06.2022 • Mr. Takashi Kishi – Appointed w.e.f. 03.06.2022
Remuneration Committee The Remuneration Committee determines remuneration policy and compensation packages to be paid to Directors and senior management of the Group.	• Mr. K.I. Dharmawardena – Chairman • Mr. D.H.J. Gunawardena • Mr. H.D.K.P. Alwis
Nomination Committee The Nomination Committee leads the process of nomination, selection and recommendation of new Directors, CEO and Key senior officers, and monitors succession planning for Key Management Personnel.	• Mr. D.H.J. Gunawardena – Chairman • Mr. K.I. Dharmawardena • Mr. R. Renganathan • Mr. H.D.K.P. Alwis • Mr. P.A. Jayawardena • Mr. U. Witharana
Related Party Transaction Review Committee (RPTRC) RPTRC is in action to ensure that compliance with the Code on Related Party Transactions, the interest of the shareholders is protected and fairness and transparency are maintained.	• Mr. D.H.J. Gunawardena – Chairman • Mr. K.I. Dharmawardena • Mr. T.N.M. Peiris • Mr. P.A. Jayawardena • Mr. U. Witharana

Board Interaction with Shareholders

The Company values input from shareholders and commits to proactive and constructive engagement. It signifies shareholder engagement as a vital tool to gain insights into shareholder expectations, interests, and preferences, which may influence the Company's future strategic direction.

The Board of Directors respects the equal information rights of all shareholders and is committed to the practice of impartial,

transparent and timely disclosure.

The Annual General Meeting provides shareholders with the opportunity to share their views and to meet the Board, including the chairman of the Board committees and members of Key Management Personnel. At the Annual General Meeting, financial performance for the preceding year is presented to shareholders. Further Company's external auditors are also present at the Annual General Meeting to answer shareholders' questions.

Directors' Remuneration

Directors' Remuneration is based on their knowledge and skills and the complexity of the Group's business and operations. Remuneration Committee reviews and proposes the Non-Executive Directors remuneration which is approved by the Board. The fees for Non-Executive Directors comprise a fee for attendance at Board and Board's subcommittee meetings. The report of the Remuneration Committee is presented on page 74.

The remuneration of Directors of the Company and Group is disclosed under key management personnel compensation in Note 47 (a) to the Financial Statements on page 190.

CORPORATE GOVERNANCE

Statement of Compliance

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

Rule No:	Subject	Requirement	Complied	Reference within Report	Page
7.10.1	Non-Executive Directors (NED)	At least 2 or 1/3 of Directors, whichever is higher, should be NEDs	Yes	Board Composition	4
7.10.2 (a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, shall be "independent".	Yes	Board Composition	4
7.10.2.(b)	Independent Directors (ID)	Each NED to submit a declaration of his/her independence or non-independence.	Yes	Board Composition	4
7.10.3 (a)	Disclosure of Directors	The names of Directors determined to be independent should be disclosed in the Annual Report. (AR)	Yes	Board Profiles	18
7.10.3 (b)	Disclosure of Directors	The basis for the Board's determination of ID, if criteria for independence not met.	Yes	Refer Report of Directors	80
7.10.3 (c)	Disclosure of Directors	A brief resume of each Director with the areas of expertise should be included in the AR.	Yes	Board Profiles	18
7.10.3 (d)	Disclosure of Directors	Provide a brief resume of new Director appointed to the CSE.	Yes	Refer Report of Directors	80
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee.	Yes	Remuneration Committee Report	74
7.10.5 (a)	Composition of Remuneration Committee	The Remuneration Committee shall comprise Non-Executive Directors or majority of whom shall be independent.	Yes	Remuneration Committee Report	74
	Composition of Remuneration Committee	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Yes	Remuneration Committee Report	74
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the Remuneration of the Executive Directors.	Yes	Remuneration Committee Report	74
7.10.5 (c)	Disclosure relating to Remuneration Committee	The annual report should set out: The names of Directors comprising the Remuneration Committee A statement of remuneration policy The aggregate remuneration paid to Executive and Non-Executive Directors.	Yes	Remuneration Committee Report	74
7.10.6	Audit Committee (AC)	A listed Company shall have an Audit Committee	Yes	Audit Committee Report	72
7.10.6 (a)	Composition of Audit Committee	The Audit Committee shall comprise Non-Executive Directors or majority of whom shall be independent.	Yes	Audit Committee Report	72

Rule No:	Subject	Requirement	Complied	Reference within Report	Page
		One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board.	Yes	Audit Committee Report	72
		The Chairman or one member of the committee should be a member of a recognized professional accounting body.	Yes	Audit Committee Report	72
		The Chief Executive Officers and Chief Financial Officers shall attend Audit Committee meetings	Yes	Audit Committee Report	72
7.10.6 (b)	Functions of Audit Committee	Confirmation of functions of the Audit Committee is in accordance with the rules.	Yes	Audit Committee Report	72
7.10.6 (c)	Disclosure relating to Audit Committee	The names of the Directors who comprise the Audit committee	Yes	Audit Committee Report	72
		The Audit Committee should make a determination of the independence of the auditors and shall disclose the basis for such determination.	Yes	Audit Committee Report	72
		A report by the Audit Committee setting out the manner of compliance of the functions during the period.	Yes	Audit Committee Report	72
7.10.7	Disclosure relating to Audit Committee	In the event a listed entity fails to comply with any of requirement contained in Rule 7.10 of these Rules, such entity shall make an immediate announcement to the Market via the exchange on such non-compliance, not later than one market day from the date of non-compliance.	Yes	Not Applicable	
9.2.1 & 9.2.3	Related Party Transactions Review Committee (RPTRC)	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report	75
9.2.2	Composition of RPTRC	Composition of the Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report	75
9.2.4	Functions of RPTRC	Related Party Transactions Review Committee Meetings	Yes	Related Party Transactions Review Committee Report	75
9.3.1	Disclosure relating to RPTRC	Immediate Disclosures	Yes	Not Applicable	
9.3.2 (a)	Disclosure relating to RPTRC	Disclosure- Non-recurrent Related Party Transactions	Yes	Not Applicable	
9.3.2 (b)	Disclosure relating to RPTRC	Disclosure- Recurrent Related Party Transactions	Yes	Company being holding, Company has dividend income from related parties, even though it is below 10% of revenue of group.	190
9.3.2 (c)	Disclosure relating to RPTRC	Report by the Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report	75
9.3.2 (d)	Disclosure relating to RPTRC	A declaration by the Board of Directors	Yes	Related Party Transactions Review Committee Report	75

BOARD AUDIT COMMITTEE REPORT

The Audit Committee Charter specifies the purpose, authority, composition and responsibilities of the Audit Committee and provides guidelines on how meetings of the committee should be conducted. The Board of Directors is responsible for the appointment of the Audit Committee and the effective implementation of the Audit Committee Charter.

Purpose

- The purpose of the Audit Committee is to:
- Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
- Review the system of internal control and risk management procedures.

- Monitor the effectiveness of internal audit function.
- Review the Company's process for monitoring compliance with laws and regulations.
- Assess the independence and performance of the Company's external auditors.
- Make recommendations to the Board on the appointment of external auditors, their remuneration and their terms of appointment.

Composition

The Audit Committee which is appointed by the Board of Directors of the company consists of the following Directors;

Name of the Member	Directorship Status		Membership Status
	Independent	Non -Executive	
Mr. D.H.J. Gunawardena	Yes	Yes	Chairman
Mr. K.I. Dharmawardena	Yes	Yes	Member
Mr. Yu Kitai	No	Yes	Resigned 03-06-2022
Mr. Takashi Kishi	No	Yes	Appointed 03-06-2022

The Chairman of the committee, Mr. D.H.J. Gunawardena who is a Fellow Member of the Chartered Institute of Management Accountants (U.K) has over 46 years of post-qualification experience. The biographical details of the members of the Audit Committee are given on page 69.

The Company Secretary acts as the secretary to the Audit Committee. The Director Finance of the Company and respective officers of Subsidiary Companies attend meetings of the Committee by invitation. The External Auditors, Messrs. Ernst & Young, were provided with adequate access to the information they required, in order to ensure that they had no cause to compromise their independence and objectivity. Proceedings of the audit committee meetings are reported regularly to the Board of Directors.

Meetings and Attendance

The Audit Committee met four times during the year. Attendance by the Committee members at each of these meetings is given in the table on page 81 of the Annual Report.

Agendas of the meetings were prepared and distributed to the committee in advance of the meetings.

Charter of the Audit Committee

The Audit Committee Charter clearly defines the Terms of Reference of the committee and is reviewed periodically to ensure that any new concerns that may have arisen during the period, have been adequately addressed.

Compliance with Financial Reporting, Statutory and Regulatory requirements

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards. (SLFRS) The Committee reviewed the quarterly and year-end financial statements prior to submission for Board Approval.

The Committee reviews the Quarterly Regulatory Compliance Reports submitted to the Committee and observes that the Company's compliance framework provides reasonable assurance that all relevant laws, regulations, codes of ethics and standards of conduct have been followed. Any instances of non-compliance are included in the Audit Committee's reports to the Board of Directors and followed up to ensure that appropriate corrective action is taken.

Internal Audit

The Audit Committee reviewed the independence, objectivity & performance of the internal audit function of subsidiary companies and the adequacy of its resources. Internal audit reports submitted to the committee and audit findings presented in the reports were prioritized based on risk levels. Follow up

reviews are scheduled to ascertain that audit recommendations are being acted upon. The Committee reviewed the process to assess the effectiveness of the internal financial controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in the preparation and presentation of financial statements.

External Audit

The Committee held a meeting with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters. Action was taken by the management in response to the issues raised, to ensure that internal controls were in place. The Audit Committee reviewed the other services provided by the External Auditors to the Company in order to ensure that their independence as Auditors had not been compromised.

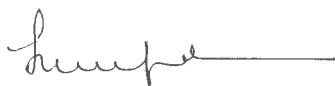
Conclusion

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

The Committee is satisfied that the Company's internal controls are effectively implemented as designed to assess and manage risks and that the Company's assets are adequately safeguarded. The Company's Internal and External Auditors have been effective and have acted independently throughout the period under review.

The Committee is also satisfied that the operational controls and the application of appropriate accounting policies provide reasonable assurance that the financial statements of the Company are true and fair.

The Audit Committee has proposed to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants be recommended for re-appointment as Statutory Auditors of the Company for the financial year ending 31st December 2023, subject to approval by the shareholders at the next Annual General Meeting.



D.H.J. Gunawardena

Chairman, Audit Committee

8th March 2023

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee ("the Committee") of the Board, whose composition is set out below, consists solely of Non-Executive Directors of whom majority are independent Directors.

Mr. K.I. Dharmawardena

(Independent Non-Executive Director) – Chairman of the Committee

Mr. D.H.J. Gunawardena

(Independent Non-Executive Director)

Mr. H.D.K.P. Alwis

(Non-Executive Director)

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

The Committee's composition met the requirements of the rule 7.10.5 of Listing Rules of the Colombo Stock Exchange.

Responsibilities of the Committee

The main tasks of the Remuneration Committee include;

- Recommend to the Board on formulation of proposals in respect of the Remuneration policy of Executive Directors, Non-Executive Directors, CEO of the Company and its subsidiaries.
- Review the career and development plans and remuneration benefits for the Company's senior management staff in order to support the continued success of the business.
- Review and approve the performance management process, related remuneration changes and performance based payments of staff of the Company and its subsidiaries.

Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's executive management team, with market competitive remuneration and benefits, to support the continued success of the business. In discharging its responsibilities, the Committee has carefully reviewed and made recommendations to the remuneration policy of the Company while ensuring industry norms.

Meetings

During the year 2022, two meetings were held. The attendance of the committee members at these meetings is given on page 81 of this Annual Report. The Chairman/Chief Executive Officer and other executive staff attended meetings by invitation.

Directors' Remuneration

Details of the overall Directors' remunerations charged to the Income Statement is shown in Note 47 (a) of the Financial Statements.



K. I. Dharmawardena

Chairman – Remuneration Committee

8th March 2023

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Objective

The objective of the Committee is to exercise oversight of all Related Party Transactions of Ceylinco Insurance PLC and its subsidiary companies on behalf of the Board and to ensure compliance is always attained with the Codes of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

Composition

The Committee during the financial year 2022 comprised of four Non-Executive Directors and one Executive Director. The members of the Committee were as follows;

Mr. D.H.J. Gunawardena

(Chairman) –Independent Non-Executive Director

Mr. K.I. Dharmawardena

–Independent Non-Executive Director

Mr. T.N.M. Peiris

– Executive Director

Mr. P.A. Jayawardena

– Non-Executive Director

Mr. Upali Witharana

– Non-Executive Director

The Company Secretary functions as the Secretary to the Committee during the year under review.

Policies and Procedures

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

The Committee will continue to assist the Board of Directors in discharging its functions, by reviewing all Related Party Transactions, to ensure that all transactions with related parties are in the best interests of all stakeholders with adequate transparency in processes and are in compliance with the Listing Rules and the relevant directions as applicable to the Company.

Meetings

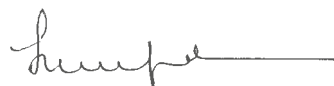
The Committee had four meetings during the year under review. The attendance of the members at these meetings is given on page ... of this Annual Report. The Chief Executive Officer and other Key Management Personnel attended meetings by invitation to assist the Committee's discussions.

Declaration

The Committee reviewed the process of capturing Related Parties of the Company during the year and make recommendations by comparing the industry standards.

During the year 2022, there were no non-recurrent or recurrent related party transactions that exceeded the thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions entered by the Company during the year is disclosed in Note 47 to the Financial Statements.

A declaration made by the Board of Directors in the Annual Report as a negative statement that no related party transactions falling within the ambit of the Listing Rules were entered into by the Company during the financial year 2022, is given in page 85 of the Annual Report.



Mr. D.H.J. Gunawardena

Chairman - Related Party Transactions Review Committee

8th March 2023

NOMINATION COMMITTEE REPORT

Regulations/Rules Relating to the Functions of the Nomination Committee

The Nomination Committee ("the Committee") was formed in line with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and recommended best practices.

Composition of the Committee

The Committee comprises six Non-Executive Directors appointed by the Board of the Company. The following Directors were members of the Committee during the year 2022.

Mr. D.H.J. Gunawardena

- *Chairman (Independent Non-Executive Director)*

Mr. K.I. Dharmawardena

- *Independent Non-Executive Director*

Mr. R. Renganathan

- *Non-Executive Director*

Mr. H.D.K.P. Alwis

- *Non-Executive Director*

Mr. U. Witharana

- *Non-Executive Director*

Mr. P.A. Jayawardena

- *Non-Executive Director*

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

Key Functions of the Committee

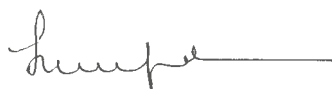
The key functions of the Committee include;

- Regular review the structure, size composition and competencies of the Board.
- Executing a procedure to select/appoint suitable Directors for appointment to the Board.
- Ensuring that Directors are fit and proper persons to hold office as per the criteria set out in the applicable rules and regulations.
- Overseeing and reviewing the succession plan for all Key Management Personnel.
- Recommending the re-election of current Directors, taking into account of the performance and contribution made by the Director concerned.

Meetings

The committee held one meeting during the year under review.

The Minutes of the Committee meetings reflecting the decisions of the Committee including recommendations were presented in subsequent Board Meetings for the perusal of Board members.



Mr. D.H.J. Gunawardena

Chairman - Nominations Committee

8th March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL REPORTING

The responsibilities of the Directors in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 88.

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

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 7 of 2007. They are also responsible for taking reasonable measures to safe-guard the assets of the Company and in that context to have

a proper regard to the establishment of appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

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

BY ORDER OF THE BOARD



Mrs. Nilika Abhayawardhana
Company Secretary

8th March 2023

COMPLIANCE REPORT

In respect of the financial year ended 31st December, 2022 of Ceylinco Insurance PLC:

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



Mrs. Nilika Abhayawardhana
Company Secretary

8th March 2023

FINANCIAL CALENDAR - 2023

Annual Report 2022	04th April 2023
Annual General Meeting	26th May 2023
Interim Report - 1st Quarter	15th May, 2023
Interim Report - 2nd Quarter	14th August, 2023
Interim Report - 3rd Quarter	14th November, 2023
Interim Report - 4th Quarter	28th February, 2024



ENRICHING YOU EVERY STEP OF THE WAY

FINANCIAL STATEMENTS

REPORT OF DIRECTORS

The Directors are pleased to submit their report together with the Audited Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flow and the Statement of Financial Position of Ceylinco Insurance Group for the year ended 31st December 2022, and the Report of the Auditors thereon.

REVIEW OF OPERATIONS

The Chairman's and the Deputy Chairman's Reviews on pages 08 to 13 contain a detailed description of operations carried out in the year under review and projected developments.

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

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit After Taxation (After Non - Controlling Interest)	12,643,272	9,735,549	1,455,946	1,273,143
Add : Balance Brought Forward	57,898,521	48,633,350	14,072,105	13,855,541
Less : Surcharge Tax	(2,485,775)	-	(14,801)	-
Changes in Ownership in Group Companies	(299,789)	32,293	-	-
Other Comprehensive Income for the Period	622,137	818,485	-	-
Funds Available for Appropriation	68,378,366	59,219,677	15,513,250	15,128,684
Appropriation : Dividend Paid - Final	(1,109,408)	(1,056,579)	(1,109,408)	(1,056,579)
Transfer to Long Term Insurance Fund from Retirement Benefits	(555,552)	(264,577)	-	-
Unappropriated Profit Carried Forward	66,713,406	57,898,521	14,403,842	14,072,105

TRANSFER TO RESERVES AND PROVISIONS

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

SHARE CAPITAL

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

The Stated Capital of the Company as at 31st December 2022 was Rs. 1,324,822,000 and is represented by issued and fully paid 20,000,000 voting ordinary shares and 6,414,480 non voting ordinary shares.

DIVIDENDS

The Directors recommend payment of a final dividend of Rs.45/- per share for the year ended 31 December 2022 payable on 14th June 2023.

DIRECTORS

A.R. Gunawardena, R. Renganathan, H.D.K.P. Alwis, E.T.L. Ranasinghe, W.C.J. Alwis, P.D.M. Cooray, K.I. Dharmawardena, D.H.J. Gunawardena, P.A. Jayawardena, N.D. Nugawela, T.N.M. Peiris, U. Witharana, S.R. Abeynayake, S.H.J. Weerasuriya, Yu Kitai, N. Vasantha Kumar and T. Kishi were the Directors of the Company during the financial year ended 31st December 2022.

In accordance with the Articles of Association of the Company, Mr. Kolitha Indrajith Dharmawardena, Mr. Saroja Hemakumar Jayawickrema Weerasuriya, Mr. Upali Witharana and Mr. Namasivayam Vasantha Kumar retire by rotation and being eligible, offer themselves for re-election.

In accordance with the Article 87 of the Articles of Association Mr. T. Kishi who was appointed to the Board on 03.06.22 would seek re-election.

Mr. Don Herschel Jayaprithi Gunawardena, Mr. Nugent Duncan Nugawela and Mr. R. Renganathan will be 74, 71 and 70 years of age respectively in December 2023. In accordance with the Companies Act No. 07 of 2007, all three Directors will retire and thereafter being eligible will offer themselves for re-election.

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

Mr. Kolitha Indrajith Dharmawardena and Mr. Don Herschel Jayaprithi Gunawardena have served the Board for a period exceeding nine years from the date of their first appointment and hence the Board of Directors resolved on 31st January 2023 that despite having served the Board continuously for a period exceeding nine years, they are yet regarded as Independent Directors in terms of Rule 7.10.04 of the listing rules of the Colombo Stock Exchange since their independence is not compromised in discharging their functions.

DIRECTORS' MEETINGS

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

	No. of Board Meetings attended
Mr. A.R. Gunawardena	6/6
Mr. R. Renganathan	5/6
Mr. H.D.K.P. Alwis	5/6
Mr. E.T.L. Ranasinghe	6/6
Mr. T.N.M. Peiris	6/6
Dr. W.C.J. Alwis	5/6
Mr. U. Witharana	5/6
Mr. S.R. Abeynayake	6/6
Mr. P.D.M. Cooray	6/6
Mr. K.I. Dharmawardena	5/6
Mr. D.H.J. Gunawardena	6/6
Mr. P.A. Jayawardena	6/6
Mr. Takashi Kishi (appointed w.e.f 3.6.2022)	3/3
Mr. N. Vasantha Kumar	6/6
Mr. N.D. Nugawela	6/6
Mr. S.H.J. Weerasuriya	4/6
Mr. Yu Kitai (resigned w.e.f 3.6.2022)	3/3

	No. of Audit Committee Meetings	No. of Remuneration Committee Meetings	No. of Related Party Transactions Review Committee Meetings	No. of Nomination Committee Meetings
Mr. R. Renganathan				1/1
Mr. H.D.K.P. Alwis		2/2		1/1
Mr. T.N.M. Peiris			3/4	
Mr. U. Witharana			3/4	1/1
Mr. K.I. Dharmawardena	4/4	2/2	4/4	1/1
Mr. D.H.J. Gunawardena	4/4	2/2	4/4	1/1
Mr. P.A. Jayawardena			4/4	1/1
Mr. Takashi Kishi (appointed w.e.f 3.6.2022)	2/2			
Mr. Yu Kitai (resigned w.e.f 3.6.2022)	2/2			

REPORT OF DIRECTORS

DIRECTORS' INTEREST IN SHARES

The Articles of Association of the Company does not stipulate the Directors to hold shares of the Company, as qualifying shares.

Directors' Interest in Shares of the Company are as follows: (including 'Close Family Members')

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

(including 'Close Family Members')

	Voting Shares		Non Voting Shares	
	as at 31.12.2022	as at 31.12.2021	as at 31.12.2022	as at 31.12.2021
Mr. A.R. Gunawardena				
(Mr. A.R. Gunawardena 130 voting shares and 55 non voting shares; and joint with	121,828	121,828	8,655	8,655
Mrs. K.S. Gunawardena 121,698 voting shares and 8,600 non voting shares)				
(Mrs. K.S. Gunawardena 14,900 voting shares and 7,702 non voting shares)				
Mr. R. Renganathan	126,897	126,897	NIL	NIL
(Mr. R. Renganathan 123,271 voting shares and joint with Mrs. T.R.S. Renganathan 3,626 voting shares)				
Mr. H.D.K.P. Alwis	3,200	3,200	NIL	NIL
Mr. H.D.K.P. Alwis joint with Mrs. S.R. Alwis	NIL	NIL	2,000	2,000
Mr. E.T.L. Ranasinghe	9,245	9,245	NIL	NIL
Dr. W.C.J. Alwis	529,031	526,692	219,041	219,041
Waldock Mackenzie Limited / Dr. W.C.J. Alwis		2,339	NIL	NIL
Mr. P.D.M. Cooray	10,024	10,024	NIL	NIL
Mr. K.I. Dharmawardena	28	28	NIL	NIL
People's Leasing & Finance PLC / Mr. K.I. Dharmawardena	5,632	11,000	NIL	NIL
Mr. D.H.J. Gunawardena	NIL	NIL	NIL	NIL
Mr. P.A. Jayawardena	3,463	3,463	134	134
Mr. N.D. Nugawela	3,539	3,539	510	510
Mr. T.N.M. Peiris	24,831	24,831	2,000	2,000
(Mrs. P.S. Peiris 212 voting shares)				
Mr. U. Witharana	2,605	2,605	512	512
Mr. S.R. Abeynayake	9,790	9,790	200	200
Mr. S.H.J. Weerasuriya	NIL	NIL	600	600
Mr. Takashi Kishi	NIL	NIL	NIL	NIL
Mr. N.Vasanth Kumar	NIL	NIL	NIL	NIL

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

Directors' Interest in Contracts

The Directors of the Company have no direct or indirect interest in any contract or proposed contract with the Company except those specified in the annexed schedule, which have been disclosed and declared at meetings of Directors.

ANALYSIS OF SHAREHOLDERS

(Voting)

Holding Range (Shares)	Number of Shareholders	Number of Shares	%
1-1000	1,776	308,612	1.54
1001-10000	318	872,262	4.36
10001-100000	21	424,441	2.12
100001-1000000	13	6,521,401	32.61
OVER 1000000	5	11,873,284	59.37
Total as at 31st. Dec. 2022	2,133	20,000,000	100

(Non Voting)

Holding Range (Shares)	Number of Shareholders	Number of Shares	%
1-1000	1331	262,570	4.09
1001-10000	118	387,089	6.03
10001-100000	23	777,376	12.12
100001-1000000	10	2,139,209	33.35
OVER 1000000	1	2,848,236	44.40
Total as at 31st. Dec. 2022	1,483	6,414,480	100

ANALYSIS OF SHAREHOLDINGS

Institutional / Non – Institutional

(Voting)

Shareholder Category	Number of Shareholders	Total Shareholdings	Holding %
Individuals	1,990	3,068,291	15.34
Institutions	143	16,931,709	84.66
	2,133	20,000,000	100.00

(Non Voting)

Shareholder Category	Number of Shareholders	Total Shareholdings	Holding %
Individuals	1,395	1,250,602	19.50
Institutions	88	5,163,878	80.50
	1,483	6,414,480	100.00

SHARE OWNERSHIP DISTRIBUTION ANALYSIS AS AT 31.12.2022

Local Companies %		Local Individuals %		Foreign Companies %		Foreign Individuals %	
Voting	Non Voting	Voting	Non Voting	Voting	Non Voting	Voting	Non Voting
52.61	27.84	15.33	19.28	32.05	52.66	0.01	0.22

The percentage of 'Public Holding' (as per Circular no. 05/2013 of 30/12/2013 of the Colombo Stock Exchange) is 83.56% of the issued Voting share capital (represented by 2112 shareholders).

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

Float adjusted market capitalisation as at 31st December, 2022 : Rs. 37,593,644,000/= (voting ordinary shares)

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

REPORT OF DIRECTORS

THE 20 MAJOR SHAREHOLDERS AS AT 31.12.2022

(Voting)

Shareholder	Holding as at 31-12-2022 No. of Shares	% of the issued share Capital as at 31-12-2022	Holding as at 31-12-2021 No. of Shares
Global Rubber Industries (Private) Limited	4,450,135	22.25	4,450,135
Mitsui Sumitomo Insurance Company Limited	3,000,000	15.00	3,000,000
Banque Pictet and Cie SA S/A Patrick Schegg	2,145,079	10.73	2,145,079
Shriram City Union Finance Limited	1,264,470	6.32	1,264,470
Eurocorp Investments (Pvt) Ltd	1,013,600	5.07	1,004,200
Mr. Prabhash Subasinghe	912,981	4.56	912,981
Ceylinco Insurance PLC A/C No. 03 (Employees' Gratuity Trust Fund)	865,724	4.33	865,724
Citizens Development Business Finance PLC	663,624	3.32	663,624
Nephele Private Limited	640,626	3.20	538,557
Global Sea Foods (Private) Limited	632,110	3.16	632,110
Dr. Watuthanthrige Chakrine Jagath Alwis	529,031	2.65	529,031
Castle Realty (Private) Limited	525,400	2.63	525,400
Ceylinco Insurance PLC A/C No. 04 (Pension Fund)	489,806	2.45	489,806
Kutrala Private Limited	463,534	2.32	463,534
Ceylinco Insurance PLC – A/C No. 05 (The Pension Trust Fund of Ceylinco Insurance PLC)	403,034	2.02	403,034
Praesidium Investments (Pvt) Ltd	150,562	0.75	150,562
Mr. Rajkumar Renganathan	126,897	0.63	126,897
(Mr. R. Renganathan 123,271 shares and joint with Mrs. T.R.S. Renganathan 3,626 shares)			
Mr. Ajith Rohan Gunawardena	121,828	0.61	121,828
(Mr. A.R. Gunawardena 130 shares and joint with Mrs. K.S. Gunawardena 121,698 shares)			
Lakderana Capital Limited	62,222	0.31	66,022
Mr. Jivaka Lalith Bhupendra Kotelawala	54,886	0.27	54,886
(Mr. J.L.B. Kotelawala 36,745 shares and joint with Mrs. S.P.C. Kotelawala 18,141 shares)			

THE 20 MAJOR SHAREHOLDERS AS AT 31.12.2022

(Non Voting)

Shareholder	Holding as at 31-12-2022 No. of Shares	% of the issued share Capital as at 31-12-2022	Holding as at 31-12-2021 No. of Shares
Pershing LLC S/A Averbach Grauson & Co.	2,848,236	44.40	2,846,317
J.B. Cocoshell (Pvt.) Ltd.	523,307	8.16	598,523
BBH-Tundra Sustainable Frontier Fund	289,700	4.52	289,700
Confab Steel (Private) Limited	256,824	4.00	80,561
Dr. Watuthanthrige Chakrine Jagath Alwis	219,041	3.41	219,041
Banque Pictet and Cie SA S/A Patrick Schegg	200,000	3.12	200,000
Mr. Piyadasa Rathnayaka	175,000	2.73	175,000
Ceylon Investment PLC A/C # 02	140,010	2.18	140,010
Ceylon Guardian Investment Trust PLC A/C # 02	115,256	1.80	115,256
E.W. Balasuriya & Company (Private) Limited	113,846	1.77	113,846
Deutsche Bank AG AS Trustee for JB Vantage Value Equity Fund	106,225	1.66	151,825
Mr. Yusuf Husseinally Abdulhussein	90,647	1.41	86,929
Askold (Private) Limited	83,035	1.29	118,035
Miss. Rukaiya Husseinally Abdulhussein	81,915	1.28	76,851
Rubber Investment Trust Ltd A/C No. 01	70,000	1.09	70,000
Hatton National Bank PLC - Senfin Growth Fund	54,800	0.85	54,800
Mr. Murtaza Ali Jafferjee	46,906	0.73	61,000
People's Leasing & Finance PLC / Mr. H.M. Abdulhussein	43,297	0.67	43,297
Hatton National Bank PLC A/C No. 05 (Trading Portfolio)	34,000	0.53	34,000
Jafferjee Brothers (Exports) Limited	30,300	0.47	30,300

PROPERTY, PLANT & EQUIPMENT

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements" (Pages 112 to 122).

CURRENT ASSETS

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

POST-BALANCE SHEET DATE EVENTS & UNUSUAL ITEMS

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

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

HUMAN RESOURCES

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

RELATED PARTY TRANSACTION

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

REPORT OF DIRECTORS

AUDITORS

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

The fees paid to the Auditors are disclosed in note 36 on page 170 to the Financial Statements.

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

BY ORDER OF THE BOARD



A. R. Gunawardena

Executive Chairman/ Chief Executive Officer



R. Renganathan

Non Executive Deputy Chairman



Nilika Abhayawardhana

Company Secretary

4th April 2023

DIRECTORS' INTERESTS IN CONTRACTS

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

The following is a schedule where the Directors of this company held Directorships in other companies during the period 01.01.2022 to 31.12.2022 in which this company has had transactions during the year 2022.

Name of Company	Mr. A.R. Gunawardena	Mr. H.D.K.P. Alwis	Dr. W.C.J. Alwis	Mr. N.D. Nugawela	Mr. T.N.M. Peiris	Mr. Upali Witharana	Mr. R. Renganathan	Mr. E.T.L. Ranasinghe	Mr. P.D.M. Cooray	Mr. P.A. Jayawardena	Mr. S. R. Abeynayaka	Mr. D. H.J. Gunawardena	Mr. S.H.J. Weerasuriya	Mr. K. I. Dharmawardena	Mr. N.V. Kumar	Mr. Takashi Kishi
1 American Education Centre Ltd.	☒	☒	☒		☒	☒										
2 CEG Education Holdings (Pvt.) Ltd.	☒	☒	☒		☒	☒										
3 Ceylinco General Insurance Ltd		☒	☒			☒										☒
4 Ceylinco Insurance Company (Pvt.) Ltd. (Maldives) *	☒	☒	☒	☒	☒	☒										
5 Ceylinco Life Insurance Ltd.							☒	☒	☒	☒	☒	☒				
6 International College of Business & Technology Ltd.	☒	☒	☒		☒	☒										
7 Citizens Development Bank																
8 Energy Generators (Pvt) Ltd	☒				☒											
9 Asset Trust Management (Pvt) Ltd						☒									☒	

* Mr. N.D. Nugawela resigned from "Ceylinco Insurance Company (PVT) LTD - Maldives" w.e.f. 01/09/2022

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

To the Shareholders of Ceylinco Insurance PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ceylinco Insurance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the

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

Key audit matters

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

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

Key audit matters	How our audit addressed the key audit matter
1. Life Insurance Contract Liabilities Life Insurance Contract Liabilities amounting to Rs. 134.03 Bn (note 23) represent 74.6% of total liabilities of the Group as at 31 December 2022 which are determined as described in note 23 to the financial statements. This was a key audit matter due to: - materiality of the reported Life Insurance Contract Liabilities; - the degree of assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Life Insurance Contract Liabilities and liability adequacy test carried out to determine the adequacy of the carrying value of Life Insurance Contract Liabilities. Key areas of significant judgments, estimates and assumptions used in the valuation of the Life Insurance Contract Liabilities included the following: - the determination of assumptions such as mortality, morbidity, lapses and surrenders, loss ratios, bonus, interest rates, discount rates and related claim handling expenses.	To assess the reasonableness of the Life Insurance Contract Liabilities, our audit procedures included the following, based on the best available information up to the date of our report. - We assessed the competency, capability and objectivity of the management specialist engaged by the Group. - We obtained an understanding of the liability valuation process. - We checked the completeness and accuracy of the data used in the valuation of Life Insurance Contract Liabilities by agreeing key Information to source documents and accounting records. - We engaged expert resources to assess the reasonableness of the assumptions and appropriateness of the methods used in the actuarial valuations of Life Insurance Contract Liability and Liability Adequacy Test with reference to market data and policyholders experience. - We assessed the adequacy of the disclosures in note 23 and 44 (a) i to the financial statements.

Key audit matters	How our audit addressed the key audit matter
2. Non-Life Insurance Contract Liabilities Non-Life Insurance Contract liabilities amounting to Rs. 15.57 Bn (note 24) represent 8.6% of total liabilities of the Group as at 31 December 2022. Such Non-Life Insurance Contract Liabilities consist of provision for reported claims, provision for Incurred But Not Reported & Incurred But Not Enough Reported (IBNR & IBNER) and provision for unearned premiums which are determined as described in note 24. This was a key audit matter due to: - materiality of the reported Non-Life Insurance Contract Liabilities; - the degree of assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Non-Life Insurance Contract Liabilities and liability adequacy test carried out to determine the adequacy of the carrying value of Life Insurance Contract Liabilities. Key areas of significant judgments, estimates and assumptions used in the valuation of the Non-Life Insurance Contract Liabilities included the following: - the determination of historical experience and business expectations such as previous claim experience, existing knowledge of risk events, industry ultimate loss ratio, claims handling expenses and management expenses and - the determination method used for unearned premium calculations.	To assess the reasonableness of the Non-Life Insurance Contract Liabilities, our audit procedures included the following, based on the best available information up to the date of our report: - We assessed the competency, capability and objectivity of the management specialist engaged by the Group. - We obtained an understanding of the liability valuation process. - We checked the completeness and accuracy of the data used in the valuation of Non-Life Insurance Contract Liabilities by agreeing key information to source documents and accounting records. - We engaged expert resources to assess the reasonableness of the assumptions used in the actuarial valuations of the non-life insurance contract liability and Liability Adequacy Test with reference to the industry data and considering both historical experience and business expectations. - We test-checked the unearned premium calculations. - We assessed the adequacy of the disclosures in note 24 and 44 (a)ii to the financial statements.
3. Investment in Financial Instruments at amortized cost Investment in financial instruments at amortized cost amounting to Rs. 171.33 Bn (note 13) represent 65.5% of total assets. Investment in financial instruments at amortized cost include Held to Maturity Financial Assets amounting to Rs. 91.95 Bn and Loan and receivable balance amounting to Rs. 79.38 Bn. This was a key audit matter due to: - the magnitude of the total reported investments in financial instruments at amortized cost. - materiality and volume of individual investment in financial instruments recorded under amortized cost category of financial instruments. - the degree of assumptions, judgements and estimation uncertainty associated with the impairment of investment in financial instruments at amortized cost category. Key areas of significant judgments, estimates and assumptions used by management in the assessment of the investment in financial instruments at amortized cost category includes following, - the determination of assumption such as interest rate, yield rate, exchange rate and impact of government debt restructuring plan.	Our audit procedures included the following: - We tested the key controls over the process of recognition and classification of financial instruments. - We involved our internal specialized resources to evaluate the design and operating effectiveness of IT controls, due to the high reliance on information technology of financial instruments recognition and valuation. - We assessed the valuation of financial instruments by agreeing market details to source documents and verify the existence and ownership of recorded financial instrument's balance through confirmations. - We tested calculations used in the impairment allowances and we assessed whether significant judgements, assumptions and estimate made by the management are reasonable. - We assessed the adequacy of the disclosures in note 13 and 44 (b).

INDEPENDENT AUDITOR'S REPORT

Other Information included in the 2022 Annual Report

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

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

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

Responsibilities of the management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 ethical requirements in accordance with the Code of Ethics 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.



8th March 2023
Colombo

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

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December	Page No	Note	GROUP		COMPANY	
			2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Assets						
Goodwill	109	6	372,382	181,304	-	-
Other Intangible Assets	110	7	367,179	319,879	-	-
Deferred Expenses	112	8	1,286,478	1,155,239	-	-
Property, Plant and Equipment	112	9	28,448,031	22,943,260	-	-
Right of Use Asset	122	10	886,392	934,151	-	-
Investment Properties	126	11	3,342,062	2,794,482	153,332	153,332
Investment in Subsidiaries	128	12(a)	-	-	15,896,855	15,896,855
Investment in Associates	130	12(b)	8,832,061	6,554,152	92,514	92,514
Financial Instruments						
Held to Maturity Financial Assets	137	13(a)	91,950,320	64,137,247	-	-
Loans and Receivables	137	13(b)	79,378,862	96,741,229	1,118,609	1,233,146
Available-For-Sale Financial Assets	138	13(c)	10,431,209	10,803,160	1,106,978	564,668
Financial Assets at Fair Value Through Profit or Loss	139	13(d)	530,306	99,519	-	-
Employee Gratuity Benefit Asset	143	14	8,100,117	6,671,045	-	-
Employee Pension Benefit Asset	147	15	3,065,422	2,053,245	-	-
Reinsurance Receivables	149	16	6,571,724	6,035,830	-	-
Loans to Life Policyholders	150	17	2,703,623	1,561,981	-	-
Income Tax Receivable	151	18	28,857	7,145	-	-
Deferred Tax Assets	152	18(a)	119,934	8,957	-	-
Insurance Receivables/Trade Debtors	154	19	10,322,856	6,829,050	-	-
Other Assets	154	20	3,211,029	1,000,257	5,254	5,174
Cash and Cash Equivalents	155	21	1,731,412	1,507,233	152	5,436
Total Assets			261,680,256	232,338,365	18,373,694	17,951,125
Equity & Liabilities						
Equity Attributable to Equity Holders of Parent						
Stated Capital	155	22 (a)	1,324,822	1,324,822	1,324,822	1,324,822
Retained Earnings			66,713,406	57,898,521	14,403,842	14,072,105
Other Reserves	156	22 (b)	2,336,611	2,897,854	2,306,201	2,255,973
Revaluation Reserves			4,789,378	4,608,433	-	-
Restricted Regulatory Reserve	158	23 (b)	3,456,184	3,456,184	-	-
Total Ordinary Shareholders' Equity			78,620,401	70,185,814	18,034,865	17,652,900
Non-Controlling Interests	175	39 (a)	3,274,900	2,544,124	-	-
Total Equity			81,895,301	72,729,938	18,034,865	17,652,900
Liabilities						
Life Insurance Contract Liabilities	157	23 (a)	134,031,487	118,780,428	-	-
Unit Linked Fund & Other Funds-Life			663,337	686,266	-	-
Non Life Insurance Contract Liabilities	159	24	15,573,919	15,227,333	-	-
Employee Gratuity Benefit Liability	143	14	409,258	307,561	36,243	25,201
Deferred Revenue	160	25	781,891	578,428	-	-
Interest Bearing Loans & Borrowings	161	26	3,568,061	6,078,877	85,594	111,679
Deferred Tax Liabilities	153	18(b)	2,462,209	1,500,188	-	-
Reinsurance Payables	161	27	10,424,719	5,911,296	-	-
Trade and Other Payables	162	28	11,870,074	10,538,050	216,992	161,345
Total Liabilities			179,784,955	159,608,427	338,829	298,225
Total Equity and Liabilities			261,680,256	232,338,365	18,373,694	17,951,125

The Notes on pages 99 through 192 form an integral part of the Financial Statements.

These Financial Statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.



T.N.M. Peiris

Director/Head of Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board by:



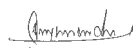
A.R.Gunawardena

Executive Chairman/CEO



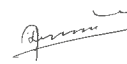
R.Renganathan

Deputy Chairman



P.A. Jayawardene

Director



Upali Witharana

Director

8th March 2023

Colombo

INCOME STATEMENT

For the Year Ended 31 December	Page No	Note	GROUP			COMPANY		
			2022 Rs.'000	2021 Rs.'000	Change %	2022 Rs.'000	2021 Rs.'000	Change %
Net Income	166	29 (c)	77,020,273	60,613,392	27	1,888,091	1,634,898	15
Gross Written Premium	164	29 (a)	58,239,661	47,881,540	22	-	-	-
Premium Ceded to Reinsurers	165	29 (b)	(14,870,122)	(9,465,742)	57	-	-	-
Net Written Premium			43,369,539	38,415,798	13	-	-	-
Net Change in Reserve for Unearned Premium			105,373	167,761	(37)	-	-	-
Net Earned Premium			43,474,912	38,583,559	13	-	-	-
Revenue from Non Insurance Subsidiaries	105	5	4,344,305	3,852,427	13	-	-	-
			47,819,217	42,435,986		-	-	
Fees and Commission Income	166	30	1,658,491	1,253,737	32	-	-	-
Investment Income	166	31	27,159,679	16,234,051	67	1,888,091	1,634,898	15
Net Realised Gains	167	32	48,039	382,372	(87)	-	-	-
Net Fair Value Gains	168	33	334,847	307,246	9	-	-	-
Other Revenue			29,201,056	18,177,406		1,888,091	1,634,898	
Gross Benefits and Claims Paid	169	34(a)	(31,808,212)	(27,210,559)	17	-	-	-
Claims Ceded to Reinsurers	169	34(b)	4,859,509	7,924,629	(39)	-	-	-
Gross Change in Contract Liabilities	169	34(c)	(13,059,153)	(14,087,738)	(7)	-	-	-
Change in Contract Liabilities Ceded to Reinsurers	169	34(d)	(207,102)	1,675,001	(112)	-	-	-
Net Benefits and Claims			(40,214,958)	(31,698,667)		-	-	
Cost of Sales - Non Insurance Subsidiaries	105	5	(1,167,111)	(862,544)	35	-	-	-
Acquisition Cost	170	35	(4,557,129)	(4,452,122)	2	-	-	-
Other Operating and Administrative Expenses	170	36	(12,571,033)	(12,031,956)	4	(201,787)	(174,351)	16
Impairment Provision	138	13 (b) ii & 13 (c)	(2,782,117)	-		(23,588)	-	-
Finance Cost	171	37	(389,925)	(249,539)	56	(1,179)	(1,287)	(8)
Total Benefits, Claims and Other Expenses			(61,682,273)	(49,294,828)		(226,554)	(175,638)	
Profit Before Share of Associates			15,338,000	11,318,564	36	1,661,537	1,459,260	14
Share of Profit of Associates	130	12(b)	943,006	1,304,768	(28)	-	-	-
Profit Before Tax			16,281,006	12,623,332	29	1,661,537	1,459,260	14
Income Tax Expense	172	38	(3,025,115)	(2,562,683)	18	(205,591)	(186,117)	10
Profit for the Year			13,255,891	10,060,649	32	1,455,946	1,273,143	14
Profit Attributable to:								
Equity Holders of the Parent			12,643,272	9,735,549		1,455,946	1,273,143	
Non-Controlling Interests	175	39 (b)	612,619	325,100		-	-	
			13,255,891	10,060,649		1,455,946	1,273,143	
Basic/Diluted Earnings Per Share	175	40	478.66	368.58		55.12	48.20	
Dividend Per Share	176	41	42.00	40.00		42.00	40.00	

The Notes on pages 99 through 192 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit for the Year		13,255,891	10,060,649	1,455,946	1,273,143
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to Income Statement in subsequent period					
Net Gain/(Loss) on Available-for-Sale Assets	42	(1,112,156)	(604,969)	50,228	203,726
Exchange Differences on Translating Foreign Operations	42	346,716	32,600	-	-
Income Tax relating to Components of Other Comprehensive Income	42	208,058	51,704	-	-
Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period		(557,382)	(520,665)	50,228	203,726
Other Comprehensive Income not to be reclassified to Income Statement in subsequent period					
Revaluation Surplus/ (Deficit) During the Year	42	2,671,180	525,065	-	-
Actuarial Gain/(Loss) on Defined Benefit Plans	42	598,364	985,518	-	-
Income Tax relating to Components of Other Comprehensive Income	42	(1,142,295)	(95,003)	-	-
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		2,127,249	1,415,580	-	-
Other Comprehensive Income for the Year, Net of Tax		1,569,867	894,915	50,228	203,726
Total Comprehensive Income for the Year, Net of Tax		14,825,758	10,955,564	1,506,174	1,476,869
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		14,278,930	10,620,378	1,506,174	1,476,869
Non-Controlling Interests		546,828	335,186	-	-
		14,825,758	10,955,564	1,506,174	1,476,869

The Notes on pages 99 through 192 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Equity Holders of the Parent									
	Stated Capital Rs.'000	Revaluation Reserves Rs.'000	Restricted Regulatory Reserve Rs.'000	Other Retained Reserves Rs.'000	Retained Earnings Rs.'000	Available-for-Sale Reserve Rs.'000	Foreign Currency Translation Reserve Rs.'000	Total Ordinary Share-Holders' Equity Rs.'000	Non-Controlling Interests Rs.'000	Total Equity Rs.'000
Balance As at 1st January 2021	1,324,822.00	4,704,195	3,456,184	2,057,437	48,633,350	864,006	58,567	61,098,561	2,323,015	63,421,576
Profit for the Year	-	-	-	-	9,735,549	-	-	9,735,549	325,100	10,060,649
Other Comprehensive Income for the Year	-	586,495	-	-	818,485	(545,650)	25,499	884,829	10,086	894,915
Total Comprehensive Income for the Year	-	586,495	-	-	10,554,034	(545,650)	25,499	10,620,378	335,186	10,955,564
Final Dividend of Parent Company	-	-	-	-	(1,056,579)	-	-	(1,056,579)	-	(1,056,579)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	(107,602)	(107,602)
Changes in Ownership in Subsidiaries/Transfer	-	(180)	-	-	32,293	(24,734)	-	7,379	(6,475)	904
Transfer to Long Term Fund	-	(682,077)	-	-	(264,577)	462,729	-	(483,925)	-	(483,925)
Balance As At 31st December 2021	1,324,822	4,608,433	3,456,184	2,057,437	57,898,521	756,351	84,066	70,185,814	2,544,124	72,729,938
Adjustment for Surcharge Tax Levied under the Surcharge Tax Act No. 14 of 2022	-	-	-	-	(2,485,775)	-	-	(2,485,775)	(60,183)	(2,545,958)
Adjusted Balance as at 1st January 2022	1,324,822	4,608,433	3,456,184	2,057,437	55,412,746	756,351	84,066	67,700,039	2,483,941	70,183,980
Profit for the Year	-	-	-	-	12,643,272	-	-	12,643,272	612,619	13,255,891
Other Comprehensive Income for the Year	-	1,582,514	-	-	622,137	(842,043)	273,051	1,635,659	(65,791)	1,569,867
Total Comprehensive Income for the Year	-	1,582,514	-	-	13,265,409	(842,043)	273,051	14,278,931	546,828	14,825,759
Final Dividend of Parent Company	-	-	-	-	(1,109,408)	-	-	(1,109,408)	-	(1,109,408)
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	-	-	(151,190)	(151,190)
Changes in ownership in Subsidiaries/ Transfer	-	(189)	-	-	(299,789)	(107,154)	-	(407,132)	395,321	(11,811)
Transfer to Long Term Fund	-	(1,401,380)	-	-	(555,552)	114,903	-	(1,842,029)	-	(1,842,029)
Balance As At 31st December 2022	1,324,822	4,789,378	3,456,184	2,057,437	66,713,406	(77,943)	357,117	78,620,401	3,274,900	81,895,301

The Notes on pages 99 through 192 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Stated Capital Rs.'000	Other Retained Reserves Rs.'000	Retained Earnings Rs.'000	Available- for-Sale Reserve Rs.'000	Total Ordinary Share- Holders' Equity Rs.'000
Balance As At 1st January 2021	1,324,822	2,057,437	13,855,541	(5,190)	17,232,610
Profit for the Year	-	-	1,273,143	-	1,273,143
Other Comprehensive Income for the Year	-	-	-	203,726	203,726
Total Comprehensive Income for the Year	-	-	1,273,143	203,726	1,476,869
Final Dividend Paid	-	-	(1,056,579)	-	(1,056,579)
Balance As At 31st December 2021	1,324,822	2,057,437	14,072,105	198,536	17,652,900
Adjustment for Surcharge Tax Levied under the Surcharged Tax Act No. 14 of 2022	-	-	(14,801)	-	(14,801)
Adjusted Balance as at 1st January 2022	1,324,822	2,057,437	14,057,304	198,536	17,638,399
Profit for the Year	-	-	1,455,946	-	1,455,946
Other Comprehensive Income for the Year	-	-	-	50,228	50,228
Total Comprehensive Income for the Year	-	-	1,455,946	50,228	1,506,174
Final Dividend Paid	-	-	(1,109,408)	-	(1,109,408)
Balance As At 31st December 2022	1,324,822	2,057,437	14,403,842	248,764	18,034,865

The Notes on pages 99 through 192 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year Ended 31 December	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cash Flows from Operating Activities					
Premiums/Revenue received from Customers		59,628,615	52,157,662	-	-
Reinsurance Premiums (Net of Commission) Paid		(8,606,934)	(6,912,656)	-	-
Commission Paid		(4,582,020)	(4,589,225)	-	-
Claims and Benefits Paid		(31,015,529)	(26,919,078)	-	-
Reinsurance Receipts in respect of Claims & Benefits		4,113,945	7,873,202	-	-
Interest and Dividends Received		17,272,033	12,629,983	1,816,462	1,641,570
Other Operating Cash Payments		(14,056,607)	(11,442,736)	(254,547)	(174,906)
Other Income		1,859,797	634,917	-	-
Contributions to Gratuity Fund/Gratuity Payments		(944,013)	(798,319)	-	-
Income Taxes Paid		(4,172,147)	(1,372,319)	(212,044)	(53,499)
Interest Paid		(180,452)	(114,917)	(179)	(9)
Net Cash Flows from Operating Activities (Note A)		19,316,688	21,146,514	1,349,692	1,413,156
Cash Flows from Investing Activities					
Investments in Subsidiaries/Associates		(4,147,795)	-	-	89,966
Acquisition of Financial Investments	13 (e)	(848,912,317)	(477,361,167)	(1,033,887)	(749,704)
Acquisition of Investment Property		(278,618)	(311,202)	-	-
Proceeds from Sale of Financial Investments	13 (e)	841,293,209	455,825,105	814,404	227,619
Acquisition of Property, Plant & Equipment	9 (b)	(3,018,407)	(1,370,694)	-	-
Acquisition /Disposal of Intangible Assets	7	(256,670)	(121,809)	-	-
REREPO Borrowings		-	116,046,915	-	-
REPO Settlement		-	(115,693,680)	-	-
Proceeds from Disposal of Property, Plant & Equipment		49,793	62,497	-	-
Net Cash Flows from Investing Activities		(15,270,805)	(22,924,035)	(219,483)	(432,119)
Cash Flows from Financing Activities					
Repayment of Lease Liabilities		(388,392)	(364,919)	-	-
Short/Term Loan		(2,887,040)	3,040,614	-	-
Dividends Paid to Equity Holders		(1,260,598)	(1,168,342)	(1,109,408)	(1,056,579)
Net Cash Flows from Financing Activities		(4,536,030)	1,507,353	(1,109,408)	(1,056,579)
Impact of Foreign Currency Translation		346,964	31,582	-	-
Increase / (Decrease) in Cash & Cash Equivalents (Note B)		(143,183)	(238,586)	20,801	(75,542)
Note A					
Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities					
Profit Before Tax		16,281,006	12,623,332	1,661,537	1,459,260
Adjustments for:					
Depreciation on Property, Plant & Equipment	36	927,940	882,335	-	-
Depreciation on Right of use Assets	10	368,503	364,242	-	-
Amortisation of Intangible Assets	7	209,370	190,640	-	-
Change in Trade and Other Receivables		(9,194,551)	(3,009,888)	(74,511)	(2,938)
Change in Reinsurance Receivable		(535,894)	(1,834,831)	-	-
Increase in Life Insurance Funds		13,375,957	11,803,985	-	-
Increase in Non - Life Insurance Provisions		385,707	2,200,938	-	-
Change in Trade and Other Payables		4,299,899	1,195,762	58,342	10,333
Realised Gain		(108,329)	(170,536)	-	-
Fair value Gain		(313,032)	(247,246)	-	-
Foreign Exchange Gain/Loss		(4,046,852)	(175,132)	(107,220)	-
Income Tax Paid		(4,172,147)	(1,372,319)	(212,044)	(53,499)
Share of Associate Profits		(943,006)	(1,304,768)	-	-
Provision for fall in value of Investment		2,782,117	-	23,588	-
Net Cash Flows from Operating Activities		19,316,688	21,146,514	1,349,692	1,413,156
Note B					
Cash and Cash Equivalents at 1st January		484,721	723,307	(106,243)	(30,701)
Cash and Cash Equivalents at 31st December	Note C	341,538	484,721	(85,442)	(106,243)
Increase / (Decrease) in Cash and Cash Equivalents		(143,183)	(238,586)	20,801	(75,542)
Note C					
Cash in Hand & Cash at Bank	21	1,731,412	1,507,233	152	5,436
Bank Overdraft	26	(1,389,874)	(1,022,512)	(85,594)	(111,679)
		341,538	484,721	(85,442)	(106,243)

The Notes on pages 99 through 192 form an integral part of the Financial Statements.

INSURANCE REVENUE ACCOUNT

For the Year Ended 31 December	Glossary Item	2022 Rs.'000	2021 Rs.'000	Change %
Non - Life Insurance				
Gross Written Premium	20	24,351,536	20,206,104	20.52
Net Earned Premium	31	14,671,926	13,253,522	10.70
Net Claims Incurred	36	(7,830,283)	(7,063,541)	10.85
Underwriting and Net Acquisition Costs (Including Reinsurance)	2 & 44	(1,249,064)	(1,169,605)	6.79
Underwriting Result	54	5,592,579	5,020,376	
Other Operating, Investments Related and Administrative Expenses		(5,469,259)	(4,966,757)	10.12
Investment and Other Income		6,606,138	1,745,143	278.54
Interest Expense		(57,509)	(51,239)	12.24
Profits From Operations After Interest Expense		6,671,949	1,747,523	281.79
Key Ratios Non - Life Insurance				
Net Loss Ratio	33	53.37	53.30	0.14
Net Expense Ratio	32	46.18	46.69	(1.08)
Net Combined Ratio	30	99.55	99.98	(0.43)
Life Insurance				
Gross Written Premium	19	29,160,164	25,565,050	14.06
Net Written Premium (Net of Reinsurance Premium and Commission)	35	28,687,967	25,256,552	13.59
Investment and Other Income Attributable to Policyholders		15,861,716	11,781,627	34.63
Net Benefits Payable		(18,969,267)	(12,736,308)	48.94
Increase in Long Term Insurance Fund		(13,375,957)	(11,803,985)	13.32
Acquisition Cost	1	(2,097,314)	(2,369,754)	(11.50)
Operating and Administrative Expenses Attributable to Policyholders		(3,965,135)	(4,496,969)	(11.83)
Interest Expense		(103,079)	(91,414)	12.76
Tax expenses		(1,210,168)	(1,039,749)	16.39
Surplus from Life Insurance Business	25	4,828,763	4,500,000	7.31
Surplus From Life Insurance Business		4,828,763	4,500,000	7.31
Investment & Other Income not Attributable to Policyholders		4,209,522	3,347,512	25.75
Operating and Administrative Expenses not Attributable to Policyholders		(335,572)	(339,663)	(1.20)
Interest Expenses		(1,303)	(2,229)	(41.53)
Tax expenses		(1,069,635)	(731,130)	46.30
Profits From Operations After Interest Expense		7,631,775	6,774,490	12.65

The Notes on pages 99 through 192 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 General

Ceylinco Insurance PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka and its shares are publicly traded on the Colombo Stock Exchange.

The registered office and the main place of business of the Company is located at No. 69, Janadhipathi Mawatha, Colombo 1. Additional corporate information is given on page 6.

In the Annual Report of the Board of Directors and in the Financial Statements, "the Company" refers to Ceylinco Insurance PLC as the holding company and "the Group" refers to the companies whose accounts have been consolidated therein.

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka except for one subsidiary (Ceylinco Insurance Company (Pvt) Ltd., Maldives) and one associate (Sagaramatha Lumbini Insurance Company Limited) which are incorporated and domiciled in the Republic of Maldives and the Republic of Nepal respectively.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the group were underwriting of all classes of general insurance, life insurance, healthcare services, fund management, power generation, education and investment holding.

There were no significant changes in the nature of principal activities of the Company and the Group during the financial year under review.

1.3 Ultimate Parent Company

The Company has no identified parent Company.

1.4 Consolidated Financial Statements

The Consolidated Financial Statements of Ceylinco Insurance PLC, as at and for the year ended 31 December 2022 encompass the Company, its Subsidiaries (together referred to as the 'Group') and the Group's interest in Associates.

The assets and liabilities presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

1.5 Reporting Date

The financial statements of all companies in the group are prepared for a common financial year which ends on 31st December 2022 except for few associate Companies.

1.6 Responsibility for Financial Statement

The Board of Directors is responsible for these Financial Statements of the Group/Company as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. The responsibility of the Directors in relation to the Financial Statements is set out in detail in the Statement of Directors' Responsibility Report in on page 67.

1.7 Date of Authorization for Issue

The Consolidated Financial Statements of Ceylinco Insurance PLC for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 08th March 2023.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA-Sri Lanka) and comply with the requirements of the Companies Act, No. 7 of 2007, the Regulation of Insurance Industry Act, No. 43 of 2000 and amendments thereto, rules and regulations of the Insurance Regulatory Commission of Sri Lanka and the listing rules of the Colombo Stock Exchange (CSE).

Further, the tax liability arising from the Surcharge Tax No.14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note 38 of income Taxes.

2.2 Basis of Measurement

The Financial Statements have been prepared on accrual basis and under the historical cost except for the following:

- Investment property is measured at fair value
- Available for sale financial assets and financial assets at fair value through profit or loss are measured at fair value
- Land and buildings are stated at revalued amounts
- Defined benefit obligations are actuarially valued and recognised at present value of the defined benefit obligation

NOTES TO THE FINANCIAL STATEMENTS

- The ultimate cost of outstanding claims (IBNR) of General Insurance business is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.
- Life insurance contract liability is valued actuarially and recognized at present value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability
Or
 2. In the absence of a principal market, in the most advantageous market for the asset or liability
- For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

2.3 Materiality & Aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.4 Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan rupees, which is the Company's functional currency. All financial information is presented in Sri Lankan rupees rounded to the nearest thousand.

The functional currency of each entity in the group is Sri Lankan rupees, except for Ceylinco Insurance Company (Pvt) Ltd. Maldives and Sagaramatha Lumbini Insurance Company Limited. whose functional currencies are the Maldivian Rufiyaa and the Nepalese Rupee respectively.

2.5 Going Concern

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed, the Directors have a reasonable expectation that the Company and the Group possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

2.6 Comparative information

The comparative information is consistently applied during the year.

The Consolidated Financial Statements provide comparative information in respect of the previous financial year. The presentation and classification of assets and liabilities in the Financial Statements of the previous financial year have been amended, where relevant for better presentation and to be comparable with those of the current year.

GENERAL ACCOUNTING POLICIES AND NOTES

Accounting policies relating to each financial statement areas is given along with the relevant notes to the Financial Statements. The other significant accounting policies are described below;

2.7 Basis of Consolidation

The Group's Financial Statements comprises, Consolidated Financial Statements for the Company and its Subsidiaries In terms of Sri Lanka Financial Reporting Standards 10 (SLFRS 10); "Consolidated Financial Statements".

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented in these financial statements of the Company and Group.

(a) Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Insurance contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

Likely to be a significant portion of the total contractual benefits

The amount or timing of which is contractually at the discretion of the issuer

That are contractually based on:

- The performance of a specified pool of contracts or a specified type of contract
- Realised and or unrealised investment returns on a specified pool of assets held by the issuer
- The profit or loss of the company, fund or other entity that issues the contract

(b) Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the date. The foreign currency gain or loss on monetary items is the difference between the cost in the functional currency at the beginning of the period adjusted for payments during the period and the cost in the foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation is recognised in income statement. The Group's consolidated financial statements are presented in Sri Lankan rupees which is also the parent company's functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and Balances

Transaction in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to the income statement.

(ii) Group Companies

The assets and liabilities of foreign operations are translated into rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation is recognised in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

(c) Financial Liabilities – Initial Recognition and Subsequent Measurement**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings, and reinsurance payables.

Subsequent measurement

The subsequent measurement of financial liabilities as follows:

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

(d) Cash Flow Statement

The cash flow statement has been prepared using the "direct method".

(e) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.1 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) Amendments to SLFRS 3-Business combinations: Updating a reference a conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

NOTES TO THE FINANCIAL STATEMENTS

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

(b) Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountant of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities, and Contingent Assets (LKAS 37).

The Amendment specifies the costs that an entity need to include when assessing whether a contract is onerous or loss making.

(c) Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountant of Sri Lanka (CA Sri Lanka) issued LKAS 16 property, Plant and Equipment-Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The Amendment prohibits entities from deducting any proceeds from selling items produced, while bringing that asset to the location and condition necessary for it be capable of operation in the manner intended by management, from the cost of an item of property, plant, and equipment.

There is not any material impact on the Financial Statements of the Group from above new and amended standards and interpretations.

3.2 Use of Judgments Estimates and Assumptions

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

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

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

Critical Accounting Judgments, Estimates and Assumptions	Disclosure Note	Reference Page
Unearned premium and deferred acquisition cost	24 (b) & 8	160 & 112
Life Insurance contract liabilities	23 (a)	157
Reserve for gross outstanding claims	24 (a)	160
Valuation of investment property	11	126
Leases - Estimating the incremental borrowing rate and determining the lease term of contracts with renewal and termination options	10	122
Deferred tax	18 (a & b)	152 & 153
Measurement of defined benefit obligation	14	143
Revaluation of Land & Building	9	112
Income Tax uncertainty over income tax treatment	45 (a) ii 4	189

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Approach to SLFRS 17 Implementation

The Ceylinco Life Insurance Ltd. has set up a dedicated project team to ensure a smooth transition to SLFRS 17. This team is entrusted with operational responsibilities for the implementation of the Standard. A Steering Committee has been set up to provide the strategic leadership required for the project and to oversee its progress. The Steering Committee reports directly to the Board of Directors.

Ceylinco Life Insurance Ltd. has signed contracts with two consultants, namely Ernst and Young (EY)- Sri Lanka who will advise us on the financial aspects while Wills Towers Watson - India will provide actuarial support.

The Ceylinco General Insurance Ltd. and Ceylinco Insurance Company (Pvt) Ltd. Maldives has set up a project team to ensure a smooth transition to SLFRS 17. This team is delegated with operational responsibilities for the implementation of the Standard.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

NOTES TO THE FINANCIAL STATEMENTS

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: recognition and Measurement. SLFRS includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group meets the eligibility criteria of the temporary exemption from SLFRS 9 and intend to defer the application of SLFRS 9 until annual reporting periods beginning on or after 1 January 2023.

5. SEGMENT INFORMATION

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The Operating Segments represent this business structure.

For management purposes, the Group is organised into business units based on their products and services and has following reportable operating segments as follows:

- The Life Insurance Segment offers a wide range of whole life products, Endowment products, term products, universal life products and mortgage protection products.
- The non-life insurance segment comprises of products namely motor, fire, engineering, marine, employers' liability and miscellaneous.

- Healthcare Segment includes Healthcare centre for Cancer Screening, Radiation Treatment units and Diabetes Centre.
- Maldives Foreign operations- this segment offers Non-Life Insurance products in Maldives.
- Education Services Segment includes Primary, Secondary, High Education courses through various subsidiary companies.
- Power generation segment business is to generate and distribute Hydro Power to the national grid.

Other segment includes investment holding associate business, investment management & hotel services.

Transaction between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation.

Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The activities of the Group are located mainly in Sri Lanka. Consequently, the economic environment in which the Group operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence disclosure by geographical region is not provided.

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Operations	Adjustments and Eliminations	Total
	Rs:'000	Domestic Rs:'000	Foreign Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Gross Premium	29,160,164	24,351,536	4,727,961	-	-	-	-	-	-	58,239,661
Premium Ceded to Reinsurers	(472,197)	(9,742,670)	(4,655,255)	-	-	-	-	-	-	(14,870,122)
Change in Reserve for Unearned Premium	-	63,060	42,313	-	-	-	-	-	-	105,373
Net Earned Premium	28,687,967	14,671,926	115,019	-	-	-	-	-	-	43,474,912
Revenue from Non Insurance Subsidiaries	-	-	-	300,250	3,691,496	183,743	182,003	(13,187)	(13,187)	4,344,305
Fees and Commission Income	205,977	909,249	543,265	-	-	-	2,400	(2,400)	(2,400)	1,658,491
Investment Income	19,373,879	6,601,122	80,246	133,258	508,898	3,704	1,970,003	(1,511,431)	(1,511,431)	27,159,679
Realised Gains	57,960	(20,986)	-	-	69	7,900	3,096	-	-	48,039
Fair Value Gains and Losses	433,422	26,002	-	4,381	-	-	-	(128,958)	(128,958)	334,847
Other Revenue & Revenue from Non Insurance Subsidiaries	20,071,238	7,515,387	623,511	437,889	4,200,463	195,347	2,157,502	(1,655,976)	(1,655,976)	33,545,361
Segment Revenue	48,759,205	22,187,313	738,530	437,889	4,200,463	195,347	2,157,502	(1,655,976)	(1,655,976)	77,020,273
Gross Benefits and Claims Paid	(19,187,615)	(10,670,025)	(1,950,572)	-	-	-	-	-	-	(31,808,212)
Claims Ceded to Reinsurers	218,349	2,846,023	1,795,137	-	-	-	-	-	-	4,859,509
Gross Change in Contract Liabilities	(13,375,957)	(464,328)	781,132	-	-	-	-	-	-	(13,059,153)
Change in Contract Liabilities Ceded to Reinsurers	-	458,047	(665,149)	-	-	-	-	-	-	(207,102)
Cost of Sales - Non Insurance Subsidiaries	-	-	-	(180,329)	(765,532)	(67,191)	(154,059)	-	-	(1,167,111)
Net Benefits and Claims & Cost of Sales - Non Insurance Subsidiaries	(32,345,223)	(7,830,283)	(39,452)	(180,329)	(765,532)	(67,191)	(154,059)	-	-	(41,382,069)
Acquisition Cost	(2,097,314)	(2,158,313)	(301,502)	-	-	-	-	-	-	(4,557,129)
Other Operating and Administrative Expenses	(4,300,707)	(5,469,259)	(288,107)	(170,698)	(1,947,702)	(133,000)	(259,245)	(2,315)	(2,315)	(12,571,033)
Impairment Provision	-	(2,758,529)	-	-	-	-	(23,588)	-	-	(2,782,117)
Finance Costs	(104,382)	(57,509)	(4,298)	(149)	(186,125)	(48,411)	(2,238)	13,187	(389,925)	(889,925)
Other Expenses	(6,502,403)	(10,443,610)	(593,907)	(170,847)	(2,133,827)	(181,411)	(285,071)	10,872	10,872	(20,300,204)
Segment Benefits, Claims and Other Expenses	(38,847,626)	(18,273,893)	(633,359)	(351,176)	(2,899,359)	(248,602)	(439,130)	10,872	10,872	(61,682,273)
Share of Profit of Associates	-	-	-	-	-	-	943,006	-	-	943,006
Profit Before Taxation	9,911,579	3,913,420	105,171	86,713	1,301,104	(53,255)	2,661,378	(1,645,104)	(1,645,104)	16,281,006
Taxation	(2,279,803)	(144,101)	(14,094)	(10,467)	(169,426)	(59,167)	(216,090)	(131,967)	(131,967)	(3,025,115)
Profit After Taxation	7,631,776	3,769,319	91,077	76,246	1,131,678	(112,422)	2,445,288	(1,777,071)	(1,777,071)	13,255,891

Adjustment and elimination mainly include elimination of inter segment dividend, rent and interest

NOTES TO THE FINANCIAL STATEMENTS

SEGMENT INFORMATION (CONTD...)

Segment Income Statement For The Year Ended 31 December 2021

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Operations	Adjustments and Eliminations	Total
	Rs.'000	Rs.'000	Domestic Rs.'000	Foreign Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Premium	25,565,050	20,206,104	2,110,386		-	-	-	-	-	47,881,540
Premium Ceded to Reinsurers	(308,499)	(7,127,694)	(2,029,549)		-	-	-	-	-	(9,465,742)
Change in Reserve for Unearned Premium	-	175,112	(7,351)		-	-	-	-	-	167,761
Net Earned Premium	25,256,551	13,253,522	73,486		-	-	-	-	-	38,583,559
Revenue from Non Insurance Subsidiaries	-	-	-	-	353,180	3,015,659	394,138	101,234	(11,784)	3,852,427
Fees and Commission Income	197,885	789,772	266,080		-	-	-	2,400	(2,400)	1,253,737
Investment Income	14,342,773	1,516,177	38,134		32,363	176,077	5,074	1,659,445	(1,535,992)	16,234,051
Realised Gains	200,402	222,466	63		(27)	12,524	1,600	5,344	(60,000)	382,372
Fair Value Gains and Losses	388,079	6,500	-	-	5,715	-	892	-	(93,940)	307,246
Other Revenue & Revenue from Non Insurance Subsidiaries	15,129,139	2,534,915	304,277		391,231	3,204,260	401,704	1,768,423	(1,704,116)	22,029,833
Segment Revenue	40,385,690	15,788,437	377,763		391,231	3,204,260	401,704	1,768,423	(1,704,116)	60,613,392
Gross Benefits and Claims Paid	(12,927,237)	(13,670,162)	(549,207)		-	-	-	-	(63,953)	(27,210,559)
Claims Ceded to Reinsurers	190,929	7,162,136	571,564		-	-	-	-	-	7,924,629
Gross Change in Contract Liabilities	(11,803,985)	(1,957,620)	(326,133)		-	-	-	-	-	(14,087,738)
Change in Contract Liabilities Ceded to Reinsurers	-	1,402,105	272,896		-	-	-	-	-	1,675,001
Cost of Sales - Non Insurance Subsidiaries	-	-	-	-	(131,317)	(598,945)	(65,506)	(66,776)	-	(862,544)
Net Benefits and Claims & Cost of Sales - Non Insurance Subsidiaries	(24,540,293)	(7,063,541)	(30,880)		(131,317)	(598,945)	(65,506)	(66,776)	(63,953)	(32,561,211)
Acquisition Cost	(2,369,754)	(1,959,377)	(122,991)		-	-	-	-	-	(4,452,122)
Other Operating and Administrative Expenses	(4,836,630)	(4,966,757)	(154,830)		(183,007)	(1,537,950)	(144,872)	(216,810)	8,899	(12,031,956)
Finance Costs	(93,640)	(51,239)	(3,067)		(665)	(85,563)	(25,325)	(1,824)	11,784	(249,539)
Other Expenses	(7,300,024)	(6,977,373)	(280,888)		(183,672)	(1,623,513)	(170,197)	(218,634)	20,683	(16,733,617)
Segment Benefits, Claims and Other Expenses	(31,840,317)	(14,040,914)	(311,768)		(314,989)	(2,222,458)	(235,703)	(285,410)	(43,270)	(49,294,828)
Share of Profit of Associates	-	-	-	-	-	-	-	1,304,768	-	1,304,768
Profit Before Taxation	8,545,373	1,747,523	65,995		76,242	981,802	166,001	2,787,781	(1,747,386)	12,623,332
Taxation	(1,770,883)	(238,177)	(9,149)		(5,097)	(163,791)	(39,725)	(189,170)	(146,691)	(2,562,683)
Profit After Taxation	6,774,490	1,509,346	56,846		71,145	818,011	126,276	2,598,611	(1,894,077)	10,060,649

Segment Statement of Financial Position at 31 December 2022

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Operations	Adjustments and Eliminations	Total
	Rs.'000	Domestic Rs.'000	Foreign Rs.'000	Rs.'000						
Intangible Assets (Including Goodwill)	317,695	44,986	-	113	376,767	-	-	-	-	739,561
Property, Plant & Equipment	11,835,209	4,322,298	4,306	563,958	7,328,104	940,013	25,143	3,429,000	-	28,448,031
Investment Property	4,268,230	2,409,500	-	-	-	-	153,332	(3,489,000)	-	3,342,062
Investment in Associates	2,641,672	-	-	-	-	-	6,077,915	112,474	-	8,832,061
Investments in Subsidiaries	1,211,000	-	-	-	-	-	15,896,856	(17,107,856)	-	-
Financial Instruments	157,785,413	17,498,488	1,050,295	778,516	1,598,699	29,594	4,112,485	(562,792)	-	182,290,697
Reinsurance Assets	499,816	5,279,902	792,006	-	-	-	-	-	-	6,571,724
Insurance/Trade Receivables	368,089	6,843,368	2,606,763	190	273,914	230,532	-	-	-	10,322,856
Other Assets	12,604,816	6,303,432	867,074	15,663	1,175,385	30,021	202,210	(65,339)	-	21,133,264
Total Assets	191,531,940	42,701,974	5,320,444	1,358,440	10,752,869	1,230,160	26,468,941	(17,683,513)	-	261,680,256
Insurance Contract Liabilities	135,549,176	14,633,114	940,805	-	-	-	-	(854,352)	-	150,268,743
Other Liabilities	6,583,751	10,897,310	3,620,027	138,937	5,136,669	524,607	2,115,056	499,855	-	29,516,212
Total Liabilities	142,132,927	25,530,424	4,560,832	138,937	5,136,669	524,607	2,115,056	(354,497)	-	179,784,955

Segment Statement of Financial Position at 31 December 2021

	Life Insurance		Non-life Insurance		Healthcare	Education	Power Generation	Other Operations	Adjustments and Eliminations	Total
	Rs.'000	Domestic Rs.'000	Foreign Rs.'000	Rs.'000						
Intangible Assets (Including Goodwill)	296,448	22,861	-	160	181,714	-	-	-	-	501,183
Property, Plant & Equipment	10,177,018	4,149,976	3,710	621,060	5,522,933	967,248	17,273	1,484,042	22,943,260	
Investment Property	4,045,699	139,500	-	-	-	-	153,332	(1,544,042)	2,794,482	
Investment in Associates	807,672	-	-	-	-	-	972,314	4,774,166	6,554,152	
Investments in Subsidiaries	1,136,000	-	-	-	-	-	15,896,856	(17,032,856)	-	-
Financial Instruments	148,465,748	17,427,766	571,191	655,350	1,151,608	26,736	4,015,437	(532,681)	171,781,155	
Reinsurance Assets	392,170	4,821,855	821,805	-	-	-	-	-	6,035,830	
Insurance/Trade Receivables	336,496	5,190,204	998,711	2,063	171,379	130,197	-	-	6,829,050	
Other Assets	8,105,704	4,896,506	505,066	16,073	1,181,727	126,847	132,662	(65,339)	14,899,253	
Total Assets	173,762,955	36,648,668	2,900,483	1,294,706	8,209,361	1,251,028	21,187,874	(12,916,710)	232,338,365	
Insurance Contract Liabilities	120,321,046	14,231,847	995,486	-	-	-	-	(854,352)	134,694,027	
Other Liabilities	9,247,878	7,948,717	1,477,048	152,551	3,150,304	404,744	2,185,395	347,763	24,914,400	
Total Liabilities	129,568,924	22,180,564	2,472,534	152,551	3,150,304	404,744	2,185,395	(506,589)	159,608,427	

Executive
Reviews

Management
Discussion and
Analysis

Governance

Financial
Statements

NOTES TO THE FINANCIAL STATEMENTS

5 (a) Summarized information of Material Partly- Owned Subsidiaries

	Energy Lanka Holdings Rs.'000	CEG Education Holdings Rs.'000
Summarized Income Statement for the year ended 31st December 2022		
Revenue	195,347	4,200,463
Cost of Sale	(67,191)	(765,532)
Administrative Expenses	(133,000)	(1,947,702)
Finance Cost	(48,411)	(186,125)
Profit Before Tax	(53,255)	1,301,104
Profit for the year from Continuing Operation		
Total Comprehensive Income	(126,334)	979,691
Attributable to Non-Controlling Interests	(2,742)	517,848
Dividends paid to Non-Controlling Interests	-	111,073
Summarized Income Statement for the year ended 31st December 2021		
Revenue	401,704	3,204,260
Cost of Sale	(65,506)	(598,945)
Administrative Expenses	(144,872)	(1,537,950)
Finance Cost	(25,325)	(85,563)
Profit Before Tax	166,001	981,802
Profit for the Year from Continuing Operation		
Total Comprehensive Income	(256,452)	870,740
Attributable to Non-Controlling Interests	11,356	327,497
Dividends paid to Non-Controlling Interests	1,522	92,714
Summarized Statement of Financial Position as at 31 December 2022		
Current Assets	267,804	2,603,882
Non-Current Assets	962,356	8,148,986
Current Liabilities	275,831	2,952,503
Non-Current Liabilities	257,033	3,323,266
Total Equity	697,296	4,477,099
Summarized Statement of Financial Position as at 31 December 2021		
Current Assets	263,338	1,982,804
Non-Current Assets	987,690	6,226,557
Current Liabilities	227,524	2,012,863
Non-Current Liabilities	188,757	1,750,645
Total Equity	834,747	4,445,853
Please refer Note 39 for details of Non-Controlling Interest		
Summarized Statement of Cash Flows information for the year ended 31 December 2022		
Operating Cash Flow	(51,523)	1,647,142
Investing Cash Flow	4,364	(2,065,205)
Financing Cash Flow	(51,491)	105,111
Net Increase/(Decrease) In Cash and Cash Equivalents	(98,650)	(312,952)
Summarized Statement of Cash Flows information for the year ended 31 December 2021		
Operating Cash Flow	163,226	1,685,192
Investing Cash Flow	37,468	(1,087,356)
Financing Cash Flow	(130,424)	(593,866)
Net Increase/(Decrease) In Cash and Cash Equivalents	70,270	3,970

6. GOODWILL

	Note	GROUP	
		2022 Rs.'000	2021 Rs.'000
Cost			
As at 1 January		188,057	188,057
Acquisition	6.2	191,078	-
As at 31 December		379,135	188,057
Accumulated Impairment			
As at 1 January		6,753	6,753
Impairment during the year		-	-
As at 31 December		6,753	6,753
Carrying Amount			
As at 31 December		372,382	181,304

6.1 The amount represents Goodwill reflected in the CEG Education Holdings (Pvt) Ltd which is included under Education Segment.

6.2 On 30 December 2022, Wycherley International School (Private) Limited, Acquired 100% voting rights of Alethea International School (Private) Limited and Alethea Institute of Management Services (Pvt) Ltd obtaining the control of company, at total consideration of LKR 809,256,590. On 12 th December 2022, CEG Education Holdings (Pvt) Limited ,Aquired 100% voting rights of Alethea School (Pvt) Limited obtained the control of the Company, at total consideration of LKR 40,743,410.

Asset acquired and liabilities assumed through the acquisitions are summarized below;

	Alethea School (Private) Limited Rs.'000	Alethea International School (Private) Limited Rs.'000	Alethea Institute of Management (Private) Limited Rs.'000	Total Rs.'000
Land and Buildings	-	-	488,013	488,013
Property, Plant and Equipment	38,903	241,767	-	280,670
Intangible Asset	11	822	-	833
Trade and Other Receivables	17,048	19	-	17,066
Advances and Prepayments	-	2,921	-	2,921
Investments in Fixed Deposit	9,443	-	-	9,443
Income Tax Receivables/(Payables)	990	199	859	2,049
Cash and Bank Balances	(2,549)	5,477	54	2,982
Deferred Tax Liability	(4,524)	(19,932)	(65,315)	(89,771)
Retirement Benefit Obligations	(3,289)	(5,828)	-	(9,117)
Amount due to Related Party	-	(10,163)	-	(10,163)
Trade and Other Payables	(12,605)	(19,603)	(3,795)	(36,003)
Identifiable net assets at fair value	43,428	195,679	419,816	658,922
Non-controlling Interest	-	-	-	-
Goodwill/(Gain on bargain purchase)	(2,684)	88,441	105,321	191,078
Purchase consideration transferred	40,743	284,120	525,137	850,000

NOTES TO THE FINANCIAL STATEMENTS

The Group performs its annual impairment test as at 31 December of each financial year. The Group considers the net assets position and future cashflows of each operating segment when assessing the recoverable amount. As at 31 December 2022, there were no potential impairment of goodwill except Net Assist International (Pvt) Ltd Subsidiary of CEG Education Holdings (Pvt) Ltd., for which provision has been made in 2015.

Accounting Judgements, Estimates and Assumptions

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

7. OTHER INTANGIBLE ASSETS

ACCOUNTING POLICY

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Computer Software	03 - 05 Years

Intangible assets with infinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

	Notes	GROUP	
		Computer Software & License	
		2022 Rs.'000	2021 Rs.'000
Cost			
As at 1 January 2022		1,357,493	1,235,684
Cost Capitalised		256,670	121,809
As at 31 December 2022		1,614,163	1,357,493
Accumulated Amortisation and Impairment			
As at 1 January 2022		1,037,614	846,974
Amortisation During the Period	36	209,370	190,640
As at 31 December 2022		1,246,984	1,037,614
Carrying Amount			
As at 1 January 2022		319,879	388,710
As at 31 December 2022		367,179	319,879

7 (a) Acquisition of Other Intangible Assets during the year

During the financial year, the Group acquired/capitalised Intangible Assets (Computer Software & License) to the aggregate value of Rs. 256,670,000 (2021 - 121,809,000). Cash payments amounting to Rs. 256,670,000 (2021 - 121,809,000) were made during the year for purchase of Intangible assets (Computer Software & License).

7 (b) Title Restriction on Other Intangible Assets

There are no restrictions that existed on the title of the intangible assets as at the reporting date.

7 (c) Assessment of Impairment of Intangible Assets

The Board of Directors has assessed potential impairment indicators of Intangible Assets as at 31st December 2022 Based on the assessment, no impairment indicators were identified.

7 (d) Capitalisation of Borrowing Costs

There were no capitalised borrowing costs related to the acquisition of Intangible Assets during the year (2021 - Nil)

7 (e) Fully amortized intangible assets in use

Intangible assets include fully amortized computer software which are in the use of normal business activities having a gross carrying amount of Rs. 432,256,915 (2021 - Rs. 457,105,238)

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED EXPENSES

ACCOUNTING POLICY

Deferred Acquisition Costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums.

DAC for general insurance is amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the income statement. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the income statement. DAC are also considered in the liability adequacy test for each reporting period. DAC are derecognised when the related contracts are either settled or disposed of.

	GROUP	
	Deferred Acquisition Costs on Insurance Contracts	
	2022 Rs.'000	2021 Rs.'000
As at 1 January	1,155,239	1,076,804
Expenses Deferred	2,727,895	2,177,369
Amortisation	(2,596,656)	(2,098,934)
As at 31 December	1,286,478	1,155,239

Deferred Acquisition Cost is those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and deferred to the extent that these costs are recoverable out of future premiums.

9. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment is stated at cost or valuation less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

(iii) Depreciation

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The assets are depreciated from the month it is available for use and cease to depreciate from the month of disposal.

The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Buildings	
Buildings	50-70 Years
Improvement on Leasehold Building	04-06 Years
Civil Construction	57-60 Years
Furniture and Fittings	05-10 Years
Office Equipment	03-10 Years
Computer Equipment	02-05 Years
Motor Vehicles	04-05 Years
Plant & Machinery	
Plant & Machinery/Project Equipment	04-30 Years
Medical Equipment	05 Years
Electric Equipment	05 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Revaluations

Revaluation is performed on freehold land and building by professionally qualified valuers using the open market value. Land and buildings are revalued in every three years. Fair values are reviewed at each reporting date to ensure that carrying amount does not differ materially from fair value.

The revaluation surplus is recognised on the net carrying value of the asset and is transferred to a revaluation reserve (on shareholder assets) and to Life Insurance Fund (on policyholder assets) after restating the asset at the revalued amount.

(v) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in income statement in the year the asset is de-recognised. When revalue assets are sold, the amount included in the revaluation reserve are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP	Freehold Land Rs.'000	Building Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Office Equipment Rs.'000	Computer Equipment Rs.'000	Furniture & Fittings Rs.'000	Capital WIP Rs.'000	Total Rs.'000
At Cost/Valuation									
At 1 January 2021	9,730,831	7,728,363	2,174,848	3,860,466	1,553,932	933,006	865,640	352,610	27,199,696
Additions/Transfers	51,002	250,455	243,652	117,785	92,361	73,182	33,286	508,971	1,370,694
Disposals	-	(7,602)	(12,266)	(95,862)	(33,511)	(50,057)	(34,461)	-	(233,759)
Revaluation	719,261	(102,131)	(149,088)	-	-	-	-	-	468,042
At 1 January 2022	10,501,094	7,869,085	2,257,146	3,882,389	1,612,782	956,131	864,465	861,581	28,804,673
Additions/Transfers	2,418,438	1,338,590	26,130	110,996	174,899	173,095	121,533	457,594	4,821,275
Disposals	(6,500)	(91,522)	(9,423)	(76,100)	(56,464)	(127,836)	(29,779)	(954,995)	(1,352,619)
Revaluation	1,530,747	735,249	(342,605)	-	-	-	-	-	1,923,391
At 31 December 2022	14,443,779	9,851,402	1,931,248	3,917,285	1,731,217	1,001,390	956,219	364,180	34,196,720

GROUP	Note	Freehold Land Rs.'000	Building Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Office Equipment Rs.'000	Computer Equipment Rs.'000	Furniture & Fittings Rs.'000	Capital WIP Rs.'000	Total Rs.'000
Accumulated Depreciation										
At 1 January 2021		-	320,751	794,063	1,581,725	1,137,176	731,589	636,205	-	5,201,509
Depreciation		-	158,160	113,221	362,984	106,860	82,509	58,601	-	882,335
Disposals		-	(7,001)	(6,632)	(60,617)	(31,445)	(30,288)	(30,283)	-	(166,266)
Revaluation		-	(56,165)	-	-	-	-	-	-	56,165
At 1 January 2022		-	415,745	900,652	1,884,092	1,212,591	783,810	664,523	-	5,861,413
Depreciation	36	-	164,434	162,095	302,654	123,561	94,700	80,496	-	927,940
Disposals		-	(90,111)	(1,496)	(36,831)	(54,472)	(126,331)	(26,722)	-	(335,963)
Revaluation		-	(355,168)	(349,533)	-	-	-	-	-	(704,701)
At 31 December 2022		-	134,900	711,718	2,149,915	1,281,680	752,179	718,297	-	5,748,689

GROUP	Freehold Land Rs.'000	Building Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Office Equipment Rs.'000	Computer Equipment Rs.'000	Furniture & Fittings Rs.'000	Capital WIP Rs.'000	Total Rs.'000
Carrying Amount at Cost/Valuation									
At 1 January 2022	10,501,094	7,453,340	1,356,494	1,998,297	400,191	172,321	199,942	861,581	22,943,260
At 31 December 2022	14,443,779	9,716,502	1,219,530	1,767,370	449,537	249,211	237,922	364,180	28,448,031

Movement of Revalued Freehold Land and Building if accounted on cost basis

	GROUP	
	Freehold Land Rs.'000	Building Rs.'000
At Cost		
At 1 January 2022	4,670,920	5,040,286
Additions/Transfers	2,474,438	1,255,048
Disposals	(1,800)	(1,860)
At 31 December 2022	7,143,558	6,293,474
Accumulated Depreciation		
At 1 January 2022	-	698,204
Depreciation	-	109,366
Disposals	-	(595)
At 31 December 2022	-	806,975
Carrying Amount at Cost		
At 1 January 2022	4,670,920	4,342,082
At 31 December 2022	7,143,558	5,486,499

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

9 (a) Details of Freehold Land & Building

GROUP

Non Life Insurance Business

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.000	Value of Buildings Rs.000	Total Rs.000	Date of the Valuation
282, High Level Road, Kottawa	862	Condominium	Investment Method	Price per Sq ft Price per perch	Rs. 100	10,237	2,763	13,000	31-Dec-22
97, Baudhaloka Mawatha, Gampaha	8360	A-O-R-O-P 16.50	Contractors Method	Price per perch Price per Sq ft	Rs. 4,500,000 Rs. 10,000	74,000	68,000	142,000	31-Dec-22
42/1, Mihidu Mawatha, Kurunegala	8425	A-O-R-O-P 8.2	Contractors Method	Price per Sq ft Price per perch	Rs. 12000 Rs. 8,000,000	65,500	68,500	134,000	31-Dec-22
583/63 Liyanagemulla, Seeduwa	43080	A-3-R-1-P 3.6	Cost Approach	Price per perch Price per Sq ft	Rs. 300,000 Rs. 800 4500	157,000	81,000	238,000	31-Dec-22
60, Yovunpitiya Watte, Gnanawimala Mawatha, Kosgoda, Balapitiya	11282	A-O-R-1-P 29	Contractors Method	Price per perch Price per Sq ft	Rs. 600,000 Rs. 7500	41,000	63,000	104,000	31-Dec-22
63, Janadhipathi Mawatha, Colombo 1.	-	A-O-R-O-P 13.84	Market Comparable Method	Price per perch	Rs. 22,000,000	304,000	-	304,000	31-Dec-22
3rd,4th, 5th, 7th & 11th Floors of Ceylinco House Building	31326	-	Investment Basis	Rent per Sq.ft per month	Rs. 200-215	-	792,000	792,000	31-Dec-22
69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.									
5th Floor of Ceylinco House Building, 69,"Ceylinco House" Janadipathi Mawatha, Colombo 1	11323		Investment Basis	Rent Per Sq.ft Rs.	Rs. 200-215	-	240,000	240,000	31-Dec-22
46 / 34, "VIP Centre", Nawam Mawatha , Colombo 2.	18068	A-O-R-O-P 19.00	Contractor Method	Price per perch Price per Sq ft	Rs. 16,500,000 Rs. 10,000	313,500	135,500	449,000	31-Dec-22
Madabawita, Warakapola	608	A-O-R-O-P 16.25	Contractor Method	Price per perch Price per Sq ft	Rs. 600,000 Rs. 5000	9,000	2,000	11,000	31-Dec-22
Malangama, Kuruwita	650	A-O-R-O-P 15.00P	Contractor Method	Price per perch Price per Sq ft	Rs. 600,000 Rs. 5000	9,000	2,500	11,500	31-Dec-22
Induruwa, Kosgoda	856	A-O-R-O-P 24.30	Market Comparable Method	Price per perch	Rs. 650,000	15,500	-	15,500	31-Dec-22
Ibbagamuwa, Melsiripura	620	A-O-R-1-P 00.00	Contractor Method	Price per perch Price per Sq ft	Rs. 350,000 Rs. 5500	14,000	2,500	16,500	31-Dec-22
Bibilioya, Kithulgala	5326	A-O-R-2-P 00.07	Contractor Method	Price per perch Price per Sq ft	Rs. 350,000 Rs. 5000-6000	28,000	23,033	51,033	31-Dec-22
Puttalam -South, Mundel	705	A-O-R-O-P-20.0	Contractor Method	Price per perch	Rs. 150,000	3,000	2,500	5,500	31-Dec-22
Bauddalokamawatha	28948	1A-OR-0.00P	Market Comparable Method	Price per perch & Price per Sq ft	Rs. 11,000,000, Rs. 6500	1,760,000 2,803,738	56,000 1,539,296	1,816,000 4,343,033	31-Dec-22
Total									

9 (a) Life Insurance Business

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Rs.'000	Date of the Valuation
No.115, Greens Road, Negombo	13,169	A-0-R-0-P-15.00	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,000,000 Rs. 12,000	60,000	126,000	186,000	31-Dec-22
No.60, Colombo Road, Kaluwella, Galle	11,385	A-0-R-0-P-15.00	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,200,000 Rs. 10,000	63,000	74,000	137,000	31-Dec-22
No.54, Dharmapala Mawatha, Anuradhapura	22,015	A-0-R-1-P-10.68	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,000,000 Rs. 9,950	202,000	170,000	372,000	31-Dec-22
No.144, Hambantota Road, Kachcheriyagama, Tissamaharama	8,130	A-0-R-1-P-00.00	Replacement Cost Method	Price per perch Price per Sq ft	Rs.700,000-2,200,000 Rs. 10,000	58,000	65,000	123,000	31-Dec-22
No.45,Dharmapala Mawatha , Rathnapura	2,560	A-0-R-0-P-35.50	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 2,500,000 Rs. 7,500	89,000	14,000	103,000	31-Dec-22
No.45,Dharmapala Mawatha , Rathnapura (New Building)	8,102	-	Contractor's Test Method	Price per Sq ft	Rs. 15,000	-	109,000	109,000	31-Dec-22
No.401, Main street , Panadura	7,116	A-0-R-1-P-4.12	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,500,000 Rs. 15,000	198,500	93,500	292,000	31-Dec-22
No.423, Main Street, Kalutara	12,000	A-0-R-0-P-32.75	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 2,800,000 Rs. 13,000	91,000	125,000	216,000	31-Dec-22
No.327, Badulla Road , Bandarawela	8,970	A-0-R-0-P-17.01	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,750,000 Rs. 12,000	29,000	94,000	123,000	31-Dec-22
No.106, Havelock Road, Colombo 05	61,630	A-0-R-0-P-35.27	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 18,000,000 Rs. 16,000	635,000	788,000	1,423,000	31-Dec-22
No.32, Mistry Hills, Nuwara Eliya	5,227	A-0-R-0-P-26.9	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,000,000 Rs. 10,000	27,000	52,000	79,000	31-Dec-22
No15 , Rexdias Mawatha, Wernappuwa	8,664	A-0-R-0-P-37.40	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,400,000 Rs. 11,000	52,000	76,000	128,000	31-Dec-22
No 91, Buddhaloka Mawatha, Gampaha	9,458	A-0-R-0-P-32.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 6,000,000 Rs. 13,500	195,000	108,000	303,000	31-Dec-22

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Rs.'000	Date of the Valuation
No. 40, Rajapithila Road, Kurunegala	10,485	A-0-R-0-P-15.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,500,000 Rs. 12,000	54,000	116,000	170,000	31-Dec-22
No.90/4, Kurunegala Road, Chilaw	6,385	A-0-R-0-P-30.0	Contractor's Test Method	Price per perch Price per Sq ft	Rs.700,000 - 1,600,000 Rs. 10,000	34,000	80,000	114,000	31-Dec-22
No.406, Galle Road, Rawatawatta, Moratuwa	6,874	A-0-R-0-P-39.70	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,000,000 Rs.1,125 -2,000	158,000	11,000	169,000	31-Dec-22
No. 37,39 & 41, Kanmarthiddy Road, Jaffna	4,144	A-0-R-1-P-7.94	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,000,000 Rs. 1,700	143,000	7,000	150,000	31-Dec-22
No.22 (New 32), Lloyd's Avenue, Batticaloa	12,317	A-0-R-0-P-23.83	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 2,200,000 Rs. 11,000	52,000	118,000	170,000	31-Dec-22
No.2, Gower Street, Colombo-05	2,600	A-0-R-1-P-27.25	Market Comparable Method	Price per perch Price per Sq ft	Rs. 18,000,000 Rs. 7,500	1,210,000	10,000	1,220,000	31-Dec-22
No. 20 & 22/3 Kandy Road, Trincomalee	11,310	A-0-R-1-P-20	Investment Method	Price per perch Price per Sq ft	Rs. 1,250,000 Rs. 12,500	75,000	127,000	202,000	31-Dec-22
No.38,38/B Rajapilla Road, Kurunegala	-	A-0-R-0-P-23.93	Market Comparable Method	Price per perch	Rs. 3,500,000	83,000	-	83,000	31-Dec-22
No.92 & 98 Jampettah Street, Colombo - 13	18,480	A-0-R-1-P-11.22	Market Comparable Method	Price per perch Price per Sq ft	Rs. 4,200,000 Rs. 8,500	215,000	85,000	300,000	31-Dec-22
No.70, Park Street, Colombo 02	4,510	A-0-R-1-P-32.4	Replacement Cost Method	Price per perch Price per Sq ft	Rs.18,000,000 Rs. 28,500	1,303,000	122,000	1,425,000	31-Dec-22
No.615, Galle Road, Mount Lavinia	4,315	A-0-R-1-P-12.44	Market Comparable Method	Price per perch Price per Sq ft	Rs. 6,500,000 Rs. 6,500	340,500	21,000	361,500	31-Dec-22
No.274, Panadura Road, Horana	5,860	A-0-R-0-P-25.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,600,000 Rs. 13,500	91,000	73,000	164,000	31-Dec-22

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs./000	Value of Buildings Rs./000	Total Rs./000	Date of the Valuation
No.65, King Street, Kandy	14,650	A-0-R-1-P-1.25	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 10,000,000 Rs. 8,000	411,000	76,000	487,000	31-Dec-22
No.45, Anagarika Dharmapala Mawatha, Matare	7,232	A-0-R-0-P-26.44	Replacement Cost Method	Price per perch Price per Sq ft	Rs. 7,500,000 Rs. 9,000	198,000	32,000	230,000	31-Dec-22
No.213, Highlevel Road, Nugegoda	2,250	A-0-R-0-P-23.75	Market Comparable Method	Price per perch Price per Sq ft	Rs. 4,000,000 Rs. 7,600	95,000	17,000	112,000	31-Dec-22
No.15A, Jaya Mawatha, Kadawatha	5,914	A-0-R-0-P-19.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,800,000 Rs. 12,500	39,000	73,925	112,925	31-Dec-22
No.26 Gammedda Road, Jaela	-	A-0-R-0-P-32	Market Comparable Method	Price per perch	Rs. 2,000,000	64,000	-	64,000	31-Dec-22
192, Horana Road, Piliyandala	5,683	A-0-R-0-P-25.34	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 3,500,000 Rs. 12,500	88,000	71,038	159,038	31-Dec-22
No 43 & 45, Galle Road, Wellawatta, Colombo 6	12,676	A-0-R-0-P-25.31	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 17,000,000 Rs. 3,000 - 10,000	430,000	42,000	472,000	31-Dec-22
No.582 Malabe Road Malabe	5,600	A-0-R-0-P-29	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,500,000 Rs. 15,000	130,000	84,000	214,000	31-Dec-22
No 301, point pedro Rd, Nelliady, Karaveddy	9,462	A-0-R-1-P-4.30	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 750,000 Rs. 12,000	33,000	113,000	146,000	31-Dec-22
Mirigama Road, Wewagedara, Divulapitiya.	5,229	A-0-R-0-P-40	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 1,000,000 Rs. 12,500	40,000	65,000	105,000	31-Dec-22
No.301/A, Point Pedro Road, Nellyaddy		A-0-R-1-P-13.78	Contractor's Test Method	Price per perch	Rs. 350,000	18,000	-	18,000	31-Dec-22
No. 37,39 & 41, Kannarthiddy Road, Jaffna (Jaffna New Building)	13,710		Contractor's Test Method	Price per Sq ft	Rs. 10,200		133,000	133,000	31-Dec-22
No.746/1/1, Trincomalee Street, Madandawela, Matale		A-0-R-0-P-31	Contractor's Test Method	Price per perch	Rs. 2,500,000	77,500		77,500	31-Dec-22

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Rs.'000	Date of the Valuation
No.115, Greens Road, Negombo	7,345	A-0-R-0-P-37.5	Contractor's Test Method	Price per perch Price per Sq ft	Rs. 4,000,000 Rs. 13,000	150,000	95,000	245,000	31-Dec-22
No.101, Veyangoda Road, Minuwangoda	-	A-0-R-0-P-37.23	Contractor's Test Method	Price per perch	Rs. 1,500,000	55,000	-	55,000	31-Dec-22
No.143, Neboda Road, Matugama	-	A-0-R-1-P-2.74	Market Comparable Method	Price per perch	Rs. 1,250,000	53,000	-	53,000	31-Dec-22
No. 60, Park Street, Colombo 02	34,854	A-0-R-1-P-2.82	Investment Method Market Comparable Method	Rent per Sq.ft. per month	Rs.190 - Rs. 280	728,000	261,000	989,000	31-Dec-22
No. 70, Park Street, Colombo 02	4,510		Market Comparable Method	Rent per Sq.ft. per month	Rs.30,000	-	135,000	135,000	31-Dec-22
Serene Resorts, Bopitiya Road, Uswetakeiyawa		A-2-R-3-P-30	Market Comparable Method	Price per perch	Rs.600,000	282,000	267,000	549,000	31-Dec-22
						8,349,500	4,129,463	12,478,963	
						11,153,237	5,668,758	16,821,995	
Land & Buildings - Ceylinco Insurance PLC and Other Subsidiaries						3,290,542	4,182,644	7,473,186	
Group -Total						14,443,779	9,851,402	24,295,181	

The Group uses the revaluation model of measurement of land and buildings. The Land and Buildings of Group were revalued by an independent expert valuers, Mr. W.M. Chandrasena Incorporated valuers, to determine the fair value of its land and buildings on 31/12/2022. Fair value is determined based on valuations technique.

The net revaluation surplus was transferred to Revaluation Reserve except for the Life Insurance business policyholders' revaluation surplus which was transferred to the Life Fund.

The group has 61 number of buildings.

9 (b) Acquisition of Property, Plant and Equipment during the year

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 4,821,275,000 (2021 - 1,370,694,000). Cash payments amounting to Rs.3,018,407 (2021 - 1,370,694,000) were made during the year to purchase of Property, Plant and Equipment.

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used.

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot for Building	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/ increases
Investment Method		
This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases
Contractor's Method		
This method consists of estimating the "Effective Capital Value" of the property and applying to this a rate percent in order to estimate the rental value	Construction cost per square foot for Building	Estimated fair value would increase/ (decrease) if; Effective Capital Value increases/ (decreases)
Replacement Cost		
This method uses the current cost of reproduction or replacement of the asset less deductions for physical deterioration and all relevant forms of Obsolescences.	Price per square foot for Building	Estimated fair value would increase/ (decrease) if; Reproduction or Replacement Costs increase/ (decrease) Deterioration Costs increase/ (decrease).

NOTES TO THE FINANCIAL STATEMENTS

9 (c) Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated Property, Plant and Equipment which are still in use as at reporting date is as follows;

At 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Plant and Machinery	5,570	340,874
Computer Equipment	392,392	465,927
Office Equipments	1,106,139	782,644
Furniture and Fittings	495,961	425,687
Motor Vehicles	398,123	175,957
	2,398,185	2,191,089

9 (d) Capital Commitments

Capital commitments relating to the acquisition of Property, Plant and Equipment during the year. (Refer Note 45b)

9 (e) Property, Plant and Equipment Pledged as Security for Liabilities

There are no items of Property, Plant and Equipment pledged as securities for liabilities during the year other than those disclosed in Note 46.

9 (f) Title Restriction on Property, Plant and Equipment

There are no restrictions that existed on the title of the Property, Plant and Equipment of the Company as at the reporting date.

9 (g) Assessment of Impairment

The Board of Directors has assessed the potential impairment indicators of Property, Plant and Equipment as at 31st December 2022. Based on the assessment, no impairment indicators were identified.

9 (h) Capitalisation of Borrowing Costs

There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year. (2021 - Nil)

9 (i) Temporarily idle Property, Plant and Equipment

There were no temporarily idle Property, Plant and Equipment as at the year ended 31st December 2022. (2021 - Nil)

10 RIGHT OF USE ASSETS

ACCOUNTING POLICY

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Asset	Useful Life
Buildings	2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note (q) Impairment of non-financial assets.

iii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Trade and Other Payables (see Note 28).

iv) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building and (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

(v) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(vi) Leases

Lease that do not transfer to the company substantially all of the risks and benefits incidental to ownership of the leases items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over lease term.

	GROUP	
	2022 Rs.'000	2021 Rs.'000
Cost		
As at 01 January	1,870,346	1,692,845
Addition	383,683	329,217
Derecognition	(115,124)	(151,716)
As at 31 December	2,138,905	1,870,346
Accumulated Depreciation		
As at 01 January	936,195	601,791
Depreciation on Right-of-Use Assets	368,503	364,242
Derecognition	(52,185)	(29,838)
As at 31 December	1,252,513	936,195
Carrying Value as at 31 December	886,392	934,151

At 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
The following are the amounts recognised in profit or loss:		
Depreciation on right-of-use assets	368,503	364,242
Interest expense on lease liabilities	104,651	117,381
Derecognition impact (Gain/Loss)	-	(43,990)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of buildings with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model, when there are indications of fair value changes in investment property.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At 1 January	2,794,482	2,111,922	153,332	153,332
Additions/Transfers	688,618	311,202	-	-
Disposal/Transfers	(450,000)	-	-	-
Fair Value Gains	308,962	371,358	-	-
At 31 December	3,342,062	2,794,482	153,332	153,332

As at 31st December 2022, investment properties were valued by qualified valuer Mr. W.M.Chandrasena .

11 (a) Details of Investment Property

Group

Non Life Insurance Business

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Building Rs.'000	Total Rs.'000	Date of the Valuation
No.34, Muhandiram ED Dabare Mawatha, Colombo-05	2663	-	Investment Method	Rent per Sq.ft per month	Rs.75/-	-	37,500	37,500	31-Dec-22
583/63, Livanagemulla, Seeduwa	-	2A-2R-21.50P	Residual Method	Price per perch & Price per Sq.ft	Rs.650,000/-	106,000	-	106,000	31-Dec-22
6th Floor & 7th Floor of Ceylinco House Building 69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.	16988	-	Investment Method	Price per perch & Price per Sq.ft	Rs.215-220	450,000	-	450,000	31-Dec-22
Total						556,000	37,500	593,500	

Life Insurance Business

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Building Rs.'000	Total Rs.'000	Date of the Valuation
No. 36, Talbot Town, Galle	6,668	A-O-R-O-P-20	Investment Method	Rent per Sq.ft per month	Rs.145 - Rs. 160	130,000	26,000	156,000	31-Dec-22
No.24A, New Galle Road, Nambimulla, Ambalangoda	4,614	A-O-R-O-P-20	Investment Method	Rent per Sq.ft per month	Rs.110 - Rs. 140	85,000	23,000	108,000	31-Dec-22
No. 428, 428/2/1, R. A. De Mel Mawatha, Colombo 03	8,249	Condominium A-O-R-	Investment Method	Rent per Sq.ft per month	Rs.50 - Rs. 210	-	150,000	150,000	31-Dec-22
No. 06, Railway Station Road, Matara	2,982	O-P-25.88	Investment Method	Rent per Sq.ft per month	Rs.80 - Rs. 135	111,000	8,000	119,000	31-Dec-22
No.38 Abdul Gafoor Mawatha Colombo 03	-	A-O-R-1 P-4.5	Investment Method	Price per perch	Rs.18,000,000	801,000	-	801,000	31-Dec-22
No. 02 Gower Street Colombo 05	2,610	-	Investment Method	Price per Sq.ft per	Rs.7,500 - 7,500	-	9,750	9,750	31-Dec-22
No. 09 189A, Layards Road, Colombo 05	4,120	A-O-R- O-P14.26	Investment Method	Price per Sq.ft per	Rs.7,500 - 7,500	221,000	30,000	251,000	31-Dec-22
63 Janadhipathi Mawatha Colombo 1	-	A-O-R- O-P-13.84	Investment Method	Price per perch	Rs.22,000,000	304,480	-	304,480	31-Dec-22
No. 10, Gower Street, Colombo 05	5,680	A-O-R- O-P-20.25	Investment Method	Price per Sq.ft per	Rs.5,650	334,000	16,000	350,000	31-Dec-22
No.42/1, Dickmon road, Havelock town, Colombo 05	3,885	A-O-R- O-P-20.00	Investment Method	Price per perch	Rs.12,000,000	240,000	106,000	346,000	31-Dec-22
Total						2,226,480	368,750	2,595,230	
Investment Property - Ceylinco Insurance PLC						104,288	49,044	153,332	
Group Total						2,886,768	455,294	3,342,062	

The fair value of Investment Property reflects the actual market value as at reporting date.

The Group has eleven buildings under Investment Properties.

NOTES TO THE FINANCIAL STATEMENTS

11 (b) Company

Addresses	Building Sq. Ft.	Land Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs. '000	Value of Buildings Rs. '000	Total Rs. '000
No.2, R.A.De Mel Mawatha,Colombo-04 (Note 11c)	12432	A-0-R-0-P-11	Market Comparable Method	Rent per Sq. ft Per Month or Price per perch	52.50 or 2,500,000	104,288 104,288	49,044 49,044	153,332 153,332

11 (c) Title Restriction for use

Golden Key Building situated at No 2, R.A.De Mel Mawatha, Colombo 04, which is jointly owned by the Company & Golden Key Credit Card Company Limited, mortgaged to Seylan Bank PLC by Golden Key Credit Card Company Limited to obtain loan facility. (value of the property is amounting to Rs.153Mn). (Refer note 46). The Property was not fair valued as at the reporting date.

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used.

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot for Buildings	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/ increases.
Investment Method This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases

12 (a) INVESTMENT IN SUBSIDIARIES

ACCOUNTING POLICY

Subsidiaries are entities controlled by the Group. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022 Control is achieved when the Group is exposed or has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Especially, the Group controls an investee if, and only if, the Group has:

1. Power over the investee (ie. Existing rights that give it the current ability to direct the relevant activities of the investee)
2. Exposure, or rights, to variable returns from its involvement with the investee
3. The ability to use its power over the investee to affect its return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual agreement with the other vote holders of the investee
2. Rights arising from other contractual agreements
3. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balances. When necessary, adjustments are made to the financial statements of subsidiaries touring their accounting policies into line with the Group's accounting policies. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, on-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements comprise the financial statements of the Group as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Losses within a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income expenses arising from intra-group transactions and dividend are eliminated in preparing the Consolidated Financial Statements.

Business Combination

Business combinations were accounted for using the acquisition method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in income statement or as a change to other comprehensive income. If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in income statement.

NOTES TO THE FINANCIAL STATEMENTS

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Better to Incorporate "Loss of Control"

When the group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary and any related Non Controlling interest and other components of equity. Any resulting gain or loss is recognised in income statements. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently, it is accounted for as an Associates or in accordance with the Group's Accounting policy for financial instruments depending on the level of influence retained.

Investments in Subsidiaries are treated as long - term investments and valued at cost in separate financial statements of the Company.

As at 31 December	% of Direct/Indirect Holding		Company Number of Shares		Cost	
	2022	2021	2022	2021	2022 Rs.'000	2021 Rs.'000
Company/Group						
Serene Resorts Ltd.	100	100	500,000	500,000	-	-
Ceylinco Healthcare Services Ltd.	99	99	-	-	-	-
Ceylinco Investcorp (Pvt) Ltd.	75	75	112,500	112,500	1,125	1,125
Ceylinco Insurance Company (Pvt) Ltd (Maldives)	79	79	12,252	12,252	63,981	63,981
Energy Lanka Holdings Ltd	100	100	144,111,973	144,111,973	576,448	576,448
International College of Business & Technology Ltd.	64	64	150,000	150,000	1,500	1,500
Ceylinco General Insurance Ltd.	100	100	2,501,000	2,501,000	7,348,359	7,348,359
Ceylinco Life Insurance Ltd.	100	100	50,000,050	50,000,050	7,811,652	7,811,652
CEG Education Holdings (Pvt) Ltd	63	63	2,912,499	2,912,499	64,007	64,007
American Education Centre Ltd.	41	41	460,000	460,000	4,600	4,600
Preference Shares						
International College of Business and Technology Ltd.-10%			195,828	195,828	1,958	1,958
International College of Business and Technology Ltd.-08%			2,322,500	2,322,500	23,225	23,225
					15,896,855	15,896,855

Principal place of business of all Subsidiaries' except Ceylinco Insurance Company (Pvt) Ltd Maldives is Sri Lanka. The Principal place of business of Ceylinco Insurance Company (Pvt) Ltd (Maldives) is Maldives.

Summarised financial information material Partly-Owned Subsidiaries are set out in note 5(a)

12 (b) Investment in Associates

ACCOUNTING POLICY

Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies of the associate with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investees.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in income statement.

Investments in Associates are recognised at cost in the separate financial statements of the company and accounted under equity method in financial statements.

Company / Group Investments in Associates	% of Direct/Indirect Holding		Number of Shares		2022 Rs.'000	2021 Rs.'000
	2022	2021	2022	2021		
Company					Rs.'000	Rs.'000
Unquoted Investments						
Ceylinco Homes International Ltd.	33	33	1,300,000	1,300,000	13,050	13,050
Sagarmatha Lumbini Insurance Company Limited	20	20	1,076,388	1,076,388	18,557	18,557
Energy Generators (Pvt)Ltd.	23	23	86,483,872	86,483,872	60,907	60,907
Company Investments in Associates (At Cost)					92,514	92,514
Group						
Citizens Development Business Finance PLC (Cost)	39	39			876,310	876,310
Kings Hospital (Pvt) Ltd.	44	-			1,834,000	-
Negative Goodwill on Acquisition Over Consideration						
Ceylinco Homes International Ltd.					13,218	13,218
Citizens Development Business Finance PLC					14,485	14,485
Group's Share of Associates Companies Retained Assets						
Ceylinco Homes International Ltd.					27,889	29,471
Sagarmatha Lumbini Insurance Company Limited					979,074	541,621
Citizens Development Business Finance PLC					5,155,599	4,684,011
Energy Generators (Pvt)Ltd.					286,760	302,522
Kings Hospital (Pvt) Ltd.					(447,788)	-
					8,739,547	6,461,638
Group Investments in Associates (Equity Basis)					8,832,061	6,554,152

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Share of Associate's Statement of Financial Position		
Total Assets	44,274,907	35,281,436
Total Liabilities	(35,485,356)	(28,727,283)
Net Assets	8,789,551	6,554,153
Share of Associate's Revenue and Profit		
Revenue	9,218,106	5,494,255
Profit	943,006	1,304,768
Profit attributable to Ordinary Shareholders	943,006	1,304,768
Share of Associate ownership in Other Comprehensive income	(249,631)	127,290

Principal place of business of Associate Companies' except Sagarmatha Lumbini Insurance Company Limited is Sri Lanka. The principal place of business of Sagarmatha Lumbini Insurance Company Limited is Nepal.

Fair Value of Investment in Citizens Development Business Finance PLC is amounted to Rs. 4,536,772,500 as at 31st December 2022 (2021 -Rs. 4,148,759,062)

13. FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, as appropriate.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the settlement date.

The Group's financial assets include cash and short-term deposits, loans and receivables, quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the income statement.

The Group evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Available-for-sale financial assets

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the asset is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

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

The reclassification to held to maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the Effective Interest Rate (EIR).

If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold until maturity.

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR method, less impairment. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired

The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) The Group has transferred substantially all the risks and rewards of the asset;

or

(b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Impairment of Financial Assets

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

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, defaulter delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset derecognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs. For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published net asset values.

For financial instruments where there is not an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, net assets, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

The fair value of repo and call deposits with credit institutions is their carrying value. The carrying value is the cost of the investment and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability except for fair value through P&L. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

The Group's Financial Instruments are summarised by categories as follows:

As at 31 December	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Held to Maturity Financial Assets	13(a)	91,950,320	64,137,247	-	-
Loans and Receivables	13(b)	79,378,862	96,741,229	1,118,609	1,233,146
Available-for-Sale Financial Assets	13(c)	10,431,209	10,803,160	1,106,978	564,668
Financial Assets at Fair Value Through Profit or Loss	13(d)	530,306	99,519	-	-
Total Financial Instruments		182,290,697	171,781,155	2,225,587	1,797,814

Available-for-Sale Financial Assets (AFS) have been valued at fair value.

Loans and Receivables (L&R) are valued at amortized cost.

Financial Assets at Fair Value Through Profit or Loss have been measured at Fair Value.

Held to Maturity Financial Assets measured at amortized cost.

As at 31 December	GROUP				COMPANY			
	2022 Carrying Value Rs.'000	2022 Fair Value Rs.'000	2021 Carrying Value Rs.'000	2021 Fair Value Rs.'000	2022 Carrying Value Rs.'000	2022 Fair Value Rs.'000	2021 Carrying Value Rs.'000	2021 Fair Value Rs.'000
Held to Maturity Financial Assets	91,950,320	69,958,312	64,137,247	62,769,974	-	-	-	-
Loans and Receivables	79,378,862	79,378,862	96,741,229	96,741,229	1,118,609	1,118,609	1,233,146	1,233,146
Available-for-Sale Financial Assets	10,431,209	10,431,209	10,803,160	10,803,160	1,106,978	1,106,978	564,668	564,668
Financial Assets at Fair Value Through Profit or Loss	530,306	530,306	99,519	99,519	-	-	-	-
Total Financial Instruments	182,290,697	160,298,689	171,781,155	170,413,882	2,225,587	2,225,587	1,797,814	1,797,814

13 (a) Held to Maturity Financial Assets

As at 31 December	Note	GROUP	
		2022 Rs.'000	2021 Rs.'000
Amortised Cost			
Treasury Bills		11,579,734	485,828
Treasury Bonds		71,088,318	53,414,190
Debentures - Quoted	13(a).i	9,282,268	10,237,229
Total Held to Maturity Financial Assets at Amortised Cost		91,950,320	64,137,247

As at 31 December		GROUP	
		2022 Rs.'000	2021 Rs.'000
Fair Value			
Treasury Bills		11,605,948	485,847
Treasury Bonds		49,080,550	51,603,414
Debentures - Quoted		9,271,814	10,680,713
Total Held to Maturity Financial Assets at Fair Value		69,958,312	62,769,974

13(a) i Debentures Quoted

As at 31 December		GROUP	
		2022 Rs.'000	2021 Rs.'000
Hatton National Bank PLC		2,460,231	2,449,598
Bank of Ceylon		205,906	205,941
National Development Bank PLC		702,034	701,964
Sampath Bank PLC		1,344,873	2,309,224
Seylan Bank PLC		1,579,053	1,579,664
Commercial Bank of Ceylon PLC		517,267	517,304
DFCC Bank PLC		1,928,306	1,928,735
Nations Trust Bank PLC		544,598	544,799
		9,282,268	10,237,229

13 (b) Loans and Receivables

As at 31 December	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Staff Vehicle Loans		575,811	662,522	-	-
Staff Loans other than Vehicle Loans		665,687	494,676	-	-
Repo Investment		5,623,436	6,596,199	21,500	300,000
Debentures - Unquoted	13(b).i	1,483,776	4,875,489	-	-
Debentures - Quoted		14,452,542	14,440,646	-	-
Term Deposits	13(b).ii	56,577,610	69,671,697	1,097,109	933,146
Total Loans and Receivables at Amortised Cost		79,378,862	96,741,229	1,118,609	1,233,146

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD...)

13 (b) i Debentures - Unquoted

At 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Fair Value		
National Savings Bank	1,033,238	4,129,792
Nations Trust Bank	450,537	446,292
Regional Development Bank	-	299,405
	1,483,776	4,875,489

13 (b) ii Impairment Provision-Term Deposits

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Licensed Commercial Banks & Specialised Banks Deposits in USD	8,320,990	4,928,624	324,294	116,790
Provision for impairment for USD Deposits	(1,782,861)	-	(23,588)	-
	6,538,129	4,928,624	300,706	116,790
Licensed Commercial Banks & Specialised Banks Deposits in LKR	50,039,481	65,043,073	796,403	816,356
	56,577,610	69,971,697	1,097,109	933,146

The Group/Company has evaluated the current economic conditions such as Banks' repayment ability for dollar deposits, liquidity issues in dollars in the market. Accordingly, provisions has been made in the financial statements.

13 (c) Available-For-Sale Financial Assets

As at 31 December	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Treasury Bonds & Bills		7,788,443	7,335,465	589,092	97,009
Unquoted Share Investment	13(c).i	597,745	583,607	32,152	20,594
Unquoted Debentures		-	368,052		
Unquoted Preference Share Investment	13.(c).ii	30,000	30,000	30,000	30,000
Quoted Debentures	13.(c).iii	1,521,272	1,882,217	-	-
Quoted Share Investment		206,875	321,325	455,734	417,065
Unit Trust Investments	13(c).iv	286,874	282,494	-	-
Total Available-for-Sale Financial Assets at Fair Value		10,431,209	10,803,160	1,106,978	564,668

Impairment Provision-Development Bonds

As at 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Development Bonds in USD	2,855,017	1,530,790
Provision for impairment for Development Bonds	(999,256)	-
	1,855,761	1,530,790
Treasury Bills and Bonds in LKR	5,932,682	5,804,675
	7,788,443	7,335,465

The Group has evaluated the current economic conditions such as Government repayment ability for dollar Bonds. Accordingly, provisions has been made in the financial statements.

13 (c) i Unquoted Share Investment

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Ultratech Cement Lanka (Pvt) Ltd.	543,158	543,158	-	-
Modern Montessorie (Pvt) Ltd	22,435	19,855	-	-
Asset Trust Management (Pvt) Ltd	7,420	6,589	7,420	6,589
Asian Reinsurance Corporation	24,732	14,005	24,732	14,005
	597,745	583,607	32,152	20,594

13 (c) ii Unquoted Preference Share Investment

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Ceylinco Homes International (Lotus Tower) 10%	30,000	30,000	30,000	30,000
	30,000	30,000	30,000	30,000

13 (c) iii Quoted Debentures

At 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Sampath Bank PLC	252,510	374,800
Seylan Bank PLC	403,460	480,088
Commercial Bank of Ceylon	226,309	221,587
Bank of Ceylon	1,047	1,047
Hatton National Bank PLC	57,807	57,807
National Development Bank PLC	252,553	370,370
DFCC Bank PLC	210,410	222,104
Commercial Credit & Finance PLC	71,630	101,998
Asia Asset Finance PLC	45,546	52,416
	1,521,272	1,882,217

13 (c) iv Unit Trust Investments

As at 31 December	GROUP			
	2022 Units	2021 Units	2022 Rs.'000	2021 Rs.'000
ASTRUE Alpha Fund	10,015,648	8,101,069	173,269	203,062
ASTRUE Active Income Fund	683,644	497,754	82,361	52,902
SENFIN Money Market Fund	1,273,699	1,273,699	23,993	20,322
Premier Money Market Fund	314,451	314,451	7,251	6,208
			286,874	282,494

13 (d) Financial Assets at Fair Value Through Profit or Loss

As at 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Fair value		
Treasury Bills	467,092	-
Unquoted/Quoted Investments	23,230	21,516
Unit Trust	39,984	78,003
Total Financial Assets at Fair Value Through Profit or Loss	530,306	99,519

NOTES TO THE FINANCIAL STATEMENTS

13 (e) Carrying Values of Financial Instruments - Company

	Loans and Receivables Rs.'000	Available- For-Sale Rs.'000	Total Rs.'000
At 1st January 2022	1,233,146	564,668	1,797,814
Purchases	471,507	562,380	1,033,887
Disposals	(718,292)	(96,112)	(814,404)
Fair Value Gains Recorded in Other Comprehensive Income	-	50,228	50,228
Impairment	(23,588)	-	(23,588)
Foreign Exchange Adjustment	107,220	-	107,220
Interest accrual adjustment	48,616	25,815	74,431
At 31 December 2022	1,118,609	1,106,978	2,225,587

13 (e) Carrying Values of Financial Instruments - Group

	Held to Maturity Rs.'000	Loans and Receivables Rs.'000	Available For Sale Rs.'000	Fair value Through Profit or Loss Rs.'000	Total Rs.'000
At 1st January 2022	64,137,247	96,741,229	10,803,160	99,519	171,781,155
Purchases	82,389,501	724,387,748	39,648,898	2,486,170	848,912,317
Maturities	(52,591,991)	(700,283,926)	(426,785)	(200,000)	(753,502,702)
Disposals	(11,801)	(46,869,863)	(39,002,366)	(1,906,478)	(87,790,507)
Fair Value Gains Recorded in the Income Statement	-	-	16,680	27,791	44,471
Fair Value Gains Recorded in Other Comprehensive Income	-	-	(967,072)	-	(967,072)
Impairment	-	(1,782,861)	(999,256)	-	(2,782,117)
Foreign Exchange Adjustment	-	2,392,697	1,307,188	-	3,699,885
Interest accrual adjustment	(899,850)	138,948	(1,804)	-	(762,706)
Amortisation Adjustment	(1,072,786)	4,654,889	52,566	23,304	3,657,973
At 31 December 2022	91,950,320	79,378,862	10,431,209	530,306	182,290,697

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements (i.e., held to maturity and loans and receivables).

Assets for which fair value approximates carrying value

For Financial Assets and Financial Liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fixed Rate Financial Instruments

The fair value of fixed rate Financial Assets and Liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

For quoted debt instruments the fair values are determined based on quoted market prices.

13 (f) Determination of Fair Value and Fair Values Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Transfer between levels of the fair value hierarchy,

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December	2022				2021			
	Level 1 Quoted Prices in active markets Rs:'000	Level 2 Significant Observable Inputs Rs:'000	Level 3 Significant Unobservable Inputs Rs:'000	Total Fair Value Rs:'000	Level 1 Quoted Prices in active markets Rs:'000	Level 2 Significant Observable Inputs Rs:'000	Level 3 Significant Unobservable Inputs Rs:'000	Total Fair Value Rs:'000
Financial Assets								
Financial Assets at Fair Value Through Profit/Loss								
Equity Securities	887	-	-	887	1,073	-	-	1,073
Debt Securities	467,092	-	-	467,092	-	-	-	-
	467,979	-	-	467,979	1,073	-	-	1,073
Available-For-Sale Financial Assets:								
Equity Securities	152,050	-	543,158	695,208	237,952	-	543,158	781,090
Debt Securities	6,011,848	1,356,617	-	7,368,465	5,921,207	2,085,612	-	8,006,819
Unit Trust	-	224,106	-	224,106	-	276,286	-	276,286
	6,163,898	1,580,723	543,158	8,287,779	6,159,159	2,361,898	543,158	9,064,195
Total Financial Assets (Insurance Business)	6,631,877	1,580,723	543,158	8,755,758	6,160,232	2,361,898	543,158	9,065,268
Financial Instruments at Fair Value -Other Businesses & Ceylinco Insurance PLC	-	-	2,205,757	2,205,757	-	-	1,837,411	1,837,411
Total Financial Assets (Group)	6,631,877	1,580,723	2,748,915	10,961,515	6,160,232	2,361,898	2,380,569	10,902,679

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December	2022				2021			
	Level 1 Quoted Prices in active markets Rs.'000	Level 2 Significant Observable Inputs Rs.'000	Level 3 Significant Unobservable Inputs Rs.'000	Total Fair Value Rs.'000	Level 1 Quoted Prices in active markets Rs.'000	Level 2 Significant Observable Inputs Rs.'000	Level 3 Significant Unobservable Inputs Rs.'000	Total Fair Value Rs.'000
Non Financial Assets								
Property Plant and Equipment								
Land	-	-	14,443,779	14,499,779	-	-	10,501,094	10,501,094
Building	-	-	9,851,402	9,795,402	-	-	7,869,085	7,869,085
	-	-	24,295,181	24,295,181	-	-	18,370,179	18,370,179
Investment Property								
Land	-	-	2,886,768	2,886,768	-	-	2,066,688	2,066,688
Building	-	-	455,294	455,294	-	-	727,794	727,794
	-	-	3,342,062	3,342,062	-	-	2,794,482	2,794,482
Total Non Financial Assets	-	-	27,637,243	27,637,243	-	-	21,164,661	21,164,661

Reconciliation of Movements in Level 3 Financial Instruments Measured at Fair Value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 financial assets which are recorded at fair value:

Insurance Business

	At 1 January 2022 Rs.'000	Total Gains/(Loss) Recorded in Other Comprehensive Income Rs.'000	Additions/ Disposals Rs.'000	At 31 December 2022 Rs.'000
Financial Assets				
Available-For-Sale Financial Assets:				
Equities	543,158	-	-	543,158
Total Level 3 Financial Assets	543,158	-	-	543,158

Significant unobservable inputs used to valuation of unquoted investments is as follows

	2022 %	2021 %
Growth Rate	2.30	3.00
Discount Rate	20.00	12.50

13 (g) A quantitative sensitivity analysis for significant assumption as at 31 December 2022 as shown below Sensitivity Analysis

Sensitivity Analysis	10% Increase	10% Decrease
1. Revenue growth at terminal value	13Mn	(11Mn)
2. Weighted Average cost of capital	(11Mn)	11Mn

13 (h) Financial Instruments not under the fair value measurement hierarchy

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short-term in nature or re - prise to current market rates frequently.

Assets

Cash and Cash Equivalents

Repo Investment

Reinsurance Receivables

Premium Receivables

Loan to Policyholders

Liabilities

Reinsurance Creditors

Other Liabilities (Excluding Government Levies and Accruals)

14. GRATUITY BENEFIT LIABILITY/(ASSET)

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions (%) into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution pension plan are recognised as an employee benefit expense in income statement when they are due.

Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

However, according to the Payment of Gratuity Act No. 12 Of 1983, the liability for gratuity payments to an employee arises on the completion of five years of continued service with the Company.

This note indicates the assumptions used and the movement in the Employee Benefit Plan. As at 31 December 2022 the Gratuity Liability was actuarially valued under the Projected Unit Credit Method (PUC) by M/S.K.A.Pandit Actuarial valuer. The valuation performed annually.

The amounts recognised in the Income Statement are as follows:

As at 31 December	GROUP	
	2022	2021
	Rs.'000	Rs.'000
Current Service Cost	18,403	41,320
Interest Cost on Benefit Obligation	346,915	285,985
Expected Return on Plan Assets	(1,150,050)	(664,982)
	(784,732)	(337,677)
Net Actuarial Gain/ (Loss) recognised in the Other Comprehensive Income	(233,508)	866,663

NOTES TO THE FINANCIAL STATEMENTS

The amounts recognised in the Statement of Financial Position at the reporting date are as follows:

As at 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Present Value of the Defined Benefit Obligation	(2,419,815)	(2,848,341)
Fair Value of Plan Assets	10,519,932	9,519,386
Total Net Defined Benefit Asset	8,100,117	6,671,045

The Movement in the Defined Benefit Liability is as follows:

	GROUP	
	2022 Rs.'000	2021 Rs.'000
At 1 January	3,155,902	3,903,603
Current Service Cost	49,238	248,457
Interest Cost	390,129	294,860
Underprovision for previous year	2,581	(15,087)
Past service cost	-	(162,204)
Benefits Paid	(470,776)	(236,557)
Actuarial (Gains)/Losses	(307,118)	(877,171)
Acquired through Subsidiaries	3,289	-
Transferred to Payable	5,828	-
At 31 December	2,829,073	3,155,902
Defined Gratuity Benefit Obligation of the Insurance Business	(2,419,815)	(2,848,341)
Gratuity Liability -Other Subsidiaries	409,258	307,561

The Gratuity Benefit Liability of the Insurance Businesses is valued by M/S.K.A.Pandit Actuarial valuer.

The average duration of the defined benefit plan obligation at the end of the reporting period is 21 years.

The Movement in the Plan Assets is as follows:

	GROUP	
	2022 Rs.'000	2021 Rs.'000
At 1 January	(9,519,386)	(8,291,541)
Expected Return on Plan Assets	(1,150,050)	(423,798)
Actuarial Gains	309,093	93,384
Benefit Paid	375,756	(22,438)
Contribution Paid by Employer	(535,345)	(874,993)
At 31 December	(10,519,932)	(9,519,386)

The distribution of the Plan Assets at the reporting date is as follows:

As at 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Investment in Shares	7,245,467	6,772,460
Other Assets	3,274,465	2,746,926
Total Plan Assets	10,519,932	9,519,386

Gratuity funds' Plan Assets include investment in equity shares of Ceylinco Insurance PLC, market value amounting to Rs. 1,947,446,137 as at the reporting date. (2021 - Rs. 1,947,662,568).

The overall expected rate of return on assets is determined based on market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal actuarial assumptions used in determining the Gratuity Benefit Obligation for the Group's plan assets are as follows:

Discount rate under uncertain economic conditions note to be updated

	GROUP	
	2022	2021
Future Salary Increases	15%-16.00%	10.00%
Discount Rate	17%-18.00%	10%-12.37%
Expected Rate of Return on Plan Assets	17.80%	11.93%-12.37%
Retirement age	60 Years	60 Years

Changes in the Defined Benefit Obligation and Fair Value of Plan Assets

GROUP 2022	Amount Charged to Income Statement				Remeasurement Gains/(Losses) in Other Comprehensive Income												
	Recognition of Plan assets	Service Cost	Net Interest	Subtotal included in Profit or Loss	Benefit Paid	Assets transferred	Return on Plan Assets (Excluding amounts included in Net interest Expenses)	Actuarial Changes Arising from Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Subtotal included in OCI	Contribution by Employers						
							Rs.'000	Rs.'000	Rs.'000			Rs.'000	Rs.'000	Rs.'000			
															Rs.'000	Rs.'000	Rs.'000
1-Jan-22	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000						
Defined Benefit Obligation		(18,403)	(346,915)	(365,318)	447,384	-	-	175,739	170,719	346,458	-	(2,419,817)					
Fair Value of Plan Assets		-	-	-	(104,882)	-	1,150,050	-	(579,966)	(579,966)	535,345	10,519,933					
Benefit Assets/ (Liability)	-	(18,403)	(346,915)	(365,318)	342,502	-	1,150,050	-	(409,247)	(233,508)	535,345	8,100,117					

		Amount Charged to Income Statement						Remeasurement Gains/(Losses) in Other Comprehensive Income						
		Recognition of Plan assets	Service Cost	Net Interest	Subtotal included in Profit or Loss	Benefit Paid	Assets transferred	Return on Plan Assets (Excluding amounts included in Net interest Expenses)	Actual Changes Arising from Demographic Assumptions	Actual Changes Arising from Financial Assumptions	Experience Adjustments	Subtotal included in OCI	Contribution by Employers	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
GROUP 2021	1-Jan-21	Rs.'000												31-Dec-21
														Rs.'000
Defined Benefit Obligation	(3,565,892)		(41,320)	(285,985)	(327,305)	222,087	(2,158)	-	(2,471)	1,132,922	(307,682)	822,769	-	(2,848,341)
Fair Value of Plan Assets	8,291,541		-	-	-	(114,841)	-	664,982	-	-	43,894	43,894	633,810	9,519,386
Benefit Assets/ (Liability)	4,725,649	-	(41,320)	(285,985)	(327,305)	107,246	(2,158)	664,982	(2,471)	1,132,922	(263,788)	866,663	633,810	6,671,045

A quantitative sensitivity analysis for significant assumptions is shown below:

As at 31 December	Discount Rate		Discount Rate	
	Increase	Decrease	Increase	Decrease
	15%	1%	15%	1%
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Impact on Defined Benefit Obligation -2022	(199,193)	228,138	231,933	(205,589)
Impact on Defined Benefit Obligation -2021	(177,850)	204,926	207,409	(182,777)

Following payments are expected contributions to the Defined Benefit Plan Obligation in the future years.

At 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Within the next 12 Months	63,056	668,258
Between 2 and 5 Years	633,373	920,196
Between 6 and 10 Years	2,067,576	1,359,568
Sum of Years 11 and above	21,789,999	8,192,103

15. PENSION BENEFIT OBLIGATION

ACCOUNTING POLICY

Pensions and Other Post-Employment Benefits

The Group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method. Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to income statement in subsequent periods.

Past service costs are recognised in income statement on the earlier of:

The date of the plan amendment or curtailment, and

The date that the Group recognises restructuring- related costs

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly.

Plan assets are assets that are held by a long- term employee benefit fund. Plan assets are not available to creditors of the Group nor can they be paid directly to the Group.

Fair value is based on market price information and, in the case of quoted securities, it is the published market price. The value of any defined benefit asset is restricted to the sum of any past service cost and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The amount recognised as defined benefit liabilities has been netted with the fair value of the plan assets of the reporting period. Any surplus in plan assets has been measured based on the requirements of LKAS 19 – Employee Benefits, Para 58 and IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Actuarial gains and losses for the defined benefit plans are recognised in full in the period in which they occur in other comprehensive income.

The provision is externally funded.

NOTES TO THE FINANCIAL STATEMENTS

The Group has two Defined Benefit Pension Plans, both of which require contributions to be made to separately administered funds namely Pension Trust Fund of Ceylinco Insurance PLC and Pension Fund of Ceylinco Insurance PLC.

Changes in the Defined Benefit Obligation, Fair Value of Plan Assets and Unrecognised past service costs.

GROUP 2022	Amount Charged to Income Statement						Remeasurement Gains/(Losses) in Other Comprehensive Income								
	1-Jan-22 Rs:000	Recognition of Plan assets Rs:000	Service Cost Rs:000	Net Interest Rs:000	Subtotal included in Profit or Loss Rs:000	Benefit Paid Rs:000	Return on Plan Assets (Excluding amounts included in Net Interest Expenses) Rs:000	Past Service Costs Recognised Rs:000	Recognised in Income Statement Rs:000	Actuarial Changes Arising from Changes in Demographic Assumptions Rs:000	Actuarial Changes Arising from Changes in Financial Assumptions Rs:000	Experience Adjustments Rs:000	Subtotal included in OCI Rs:000	Contribution by Employers Rs:000	31-Dec-22 Rs:000
Defined Benefit Obligation	(1,592,813)		(1,610)	(122,213)	(123,823)	220,074	-		(69,558)	(3,072)	903,810	19,700	920,438	-	(576,124)
Fair Value of Plan Assets	3,646,058	-	177,295	-	177,295	(220,074)	114,389		109,621	(96,229)	-	(67,814)	(164,043)	87,921	3,641,546
Total Recognised Benefit (Liability) / Asset	2,053,245	-	175,685	(122,213)	53,472	-	114,389	-	40,063	(99,301)	903,810	(48,114)	756,395	87,921	3,065,422

GROUP 2021	Amount Charged to Income Statement					Remeasurement Gains/(Losses) in Other Comprehensive Income									
	1-Jan-21 Rs:000	Recognition of Plan assets Rs:000	Service Cost Rs:000	Net Interest Rs:000	Subtotal included in Profit or Loss Rs:000	Benefit Paid Rs:000	Return on Plan Assets (Excluding amounts included in Net Interest Expenses) Rs:000	Past Service Costs Recognised Rs:000	Recognised in Income Statement Rs:000	Actuarial Changes Arising from Changes in Demographic Assumptions Rs:000	Actuarial Changes Arising from Changes in Financial Assumptions Rs:000	Experience Adjustments Rs:000	Subtotal included in OCI Rs:000	Contribution by Employers Rs:000	31-Dec-21 Rs:000
Defined Benefit Obligation	(1,526,865)	-	(2,499)	(134,978)	(137,477)	17,483	-	-	(65,942)	-	-	54,046	54,046	-	(1,592,813)
Fair Value of Plan Assets	3,281,252	-	159,880	-	159,880	(17,483)	103,276	-	98,508	21,371	-	853	22,224	96,909	3,646,058
Total Recognised Benefit (Liability) / Asset	1,754,385	-	157,381	(134,978)	22,403	-	103,276	-	32,566	21,371	-	54,899	76,270	96,909	2,053,245

A quantitative sensitivity analysis for significant assumption as at 31 December 2022 as shown below.

Sensitivity level	Change in Discounting Rate	
	Increase 1%	Decrease 1%
Impact on define benefit obligation 2022	(2,862,000)	3,100,000
Impact on define benefit obligation 2021	(4,120,935)	4,620,765

The distribution of the Plan Assets at the reporting date is as follows:

	2022 Rs.'000	2021 Rs.'000
Investment in shares	2,008,890	2,008,666
Others*	1,632,654	1,637,392
	3,641,546	3,646,058

*Others include Fixed Deposit, Interest Receivable and others

Projected Pension Benefit Obligation has been valued based on Projected Unit Cost Method.

Actuarial Gains and Losses have been recognised immediately in the Statement of Other Comprehensive Income.

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below.

		2022	2021
Discount Rate	Current	17.80%	11.93%
Rate of Return on Plan Assets		17.80%	11.93%
Salary Escalation Rate	Scheme A,B &D	0%	0%
	Scheme C	15%	10%
Attrition Rate		1%	0%
Retirement Age	Scheme A	60 Years	60 Years
	Scheme B, C &D	55 Years	55 Years
Mortality Table		IALM2006/08	IALM2006/08

Plan Assets include investment in equity shares of Ceylinco Insurance PLC , market value amounting to Rs. 2,008,443,580/- at the Reporting date. (2021 - Rs.2,008,666,790/-).

16. REINSURANCE RECEIVABLES

ACCOUNTING POLICY

Reinsurance

Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsurance policy.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract

NOTES TO THE FINANCIAL STATEMENTS

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

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

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and is recognized in income statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer.

As at 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Reinsurance of Insurance Contracts	6,571,724	6,035,830
Total Reinsurance Receivables	6,571,724	6,035,830

Reinsurance Receivables on paid claims represent dues within 6 months.

The carrying amounts disclosed above is in respect of the reinsurance of insurance contracts approximate fair value at the reporting date.

17. LOANS TO POLICY HOLDERS

Policyholder Loans are granted up to 90% of the surrender value of a Life Insurance Policy at a rate equivalent to market rate.

Policyholder loans are initially measured at Fair value of Loan amount granted and subsequently measured at the amortised cost. If the policyholder dies before the full repayment of the loan, the loan balance is deducted from the death benefit.

Policyholder Loans are reviewed for impairment at each reporting date. Loans receivable as at reporting date as follows

	GROUP	
	2022 Rs.'000	2021 Rs.'000
As at 1 January	1,561,981	1,282,725
Loans Granted During the Period	2,397,597	1,416,463
Repayment During the Period	(1,255,955)	(1,137,207)
As at 31 December	2,703,623	1,561,981

17 (a) i Fair value of Loans to Life Policyholders

The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates.

17 (a) ii Concentration risk of Loans to Life Policyholders

There is lower concentration of credit risk with respect to policyholders, as the Group has a large number of dispersed receivables.

The total receivable of the loan, including interest due and accrued, exceeds the cash surrender value, the policy terminates and becomes void.

17 (a) iii Impairment of Loans to Life Policyholders

The Board of Directors has assessed the potential impairment loss of Loans to Life Policyholders as at 31st December 2022.

Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of Loans to Life Policyholders

17(a) iv Number of Policy Loans

Number of policy loans due as at 31 December 2022 was 31,775 (2021 - 32,247)

17(a) v Collateral Details

The Group does not hold any collateral as security against potential default by policyholders other than surrender value

18 TAXATION**ACCOUNTING POLICY****Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Inland Revenue Act No. 24 of 2017 and amendments thereto are applied in determining the taxable income/loss of the Company and its subsidiaries.

Certain Subsidiaries of the Company are tax exempt and tax liable under concessionary rates (Refer Note No. 38).

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (a) When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales Taxes and Premium Taxes

Revenues, expenses and assets are recognised net of the amount of sales taxes and premium taxes except:

Where the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables that are stated with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Tax Receivable				
At 1 January	7,145	56,692	-	35,371
Amounts recorded in the Income Statement	(2,914,775)	(2,149,704)	(205,591)	(186,117)
Notional Tax Recognised	492,910	466,045	-	-
Payments made on-account during the year	388,456	124,179	99,996	53,498
At 31 December	(2,026,264)	(1,502,788)	(105,595)	(97,248)
Payable balance included under Trade & Other payable (Note 28)	2,055,121	1,509,933	105,595	97,248
At 31 December	28,857	7,145	-	-

There is a tax appeal relating on VAT on Reinsurance Recoveries and there is a tax intimation on life insurance taxation.
(Refer Note 45 (a) i and 45 (a) ii)

18 (a) Deferred Tax Asset- Group

As at 31 December	Other Comprehensive Income Statement		Income Statement		Statement of Financial Position	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Losses Carried Forward	-	-	(148)	-	148	-
Temporary Difference from Retirement Benefit Liability	512	(400)	(1,364)	1,028	8,702	5,263
Temporary Difference from Property Plant and Equipment	-	-	74	(185)	450	(639)
Available For Sale Financial Assets	104,606	1,404	-	-	104,606	1,404
Temporary Difference from allowance for Impairment	-	-	2,040	1,632	2,040	1,632
Temporary Difference from Allowance for net of ROU & Lease creditors	-	-	2,699	(1,822)	3,988	1,297
Deferred Tax Expense/(Income)	105,118	1,004	3,301	653	-	-
Deferred Tax Asset	-	-	-	-	119,934	8,957

Total Deferred Tax Assets

	GROUP	
	2022 Rs.'000	2021 Rs.'000
At 1 January	8,957	146,340
Transfer from Liability	2,558	(139,041)
Amounts recorded in the Income Statement	3,301	653
Amounts recorded in Other Comprehensive Income	105,119	1,005
At 31 December	119,934	8,957

A Deferred Tax Asset is recognised for a tax loss carried forward only to the extent that realisation of the related tax benefit is probable.

18 (b) Deferred Tax Liabilities- Group

As at 31 December	Note	Other Comprehensive Income Statement		Income Statement		Statement of Financial Position	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Losses Carried Forward		-	-	-	-	(78,061)	(2,942)
Temporary Difference from Retirement Benefit Obligation		68,096	148,089	(123,690)	75,680	(415,277)	(423,481)
Temporary difference from Investment Property		-	-	33,792	180,150	649,327	654,551
Temporary Difference from Property Plant and Equipment		-	-	104,463	24,558	293,104	99,652
Temporary difference from Intangible assets		-	-	9,662	5,311	11,251	1,589
Revaluation Reserve		756,901	(66,592)	-	-	1,371,900	461,780
Temporary Difference from Allowance for impairment		-	(26,013)	(51,328)	(8,008)	(91,678)	(40,222)
Right of Use Asset		-	-	(1,618)	(12,332)	(5,206)	(3,871)
Available For Sale Financial Assets		(104,855)	630	-	-	(53,094)	205,322
Temporary Difference from Retained Reserves of Associates		-	-	142,360	148,273	690,172	547,810
Acquisition from Subsidiaries	6.2	-	-	-	-	89,771	-
Deferred Tax Expense/(Income)		720,142	56,114	113,641	413,632		-
Deferred Tax Liability		-	-	-	-	2,462,209	1,500,188

Total Deferred Tax Liability

	GROUP	
	2022 Rs.'000	2021 Rs.'000
At 1 January	1,500,188	1,171,591
Transfer from liability	38,466	(141,149)
Amounts recorded in the Income Statement	113,641	413,632
Amounts recorded in Other Comprehensive Income	720,142	56,114
Acquisition from Subsidiaries	89,771	-
At 31 December	2,462,209	1,500,188

The Inland Revenue Act No 24 of 2017 applied in determining the differed tax asset/liabilities of the group. And amendments in line with the inland revenue (amendments) Act no 45 of 2022 were considered to calculate the deferred tax assets/liability of the group.

NOTES TO THE FINANCIAL STATEMENTS

19. INSURANCE RECEIVABLES/TRADE DEBTORS

ACCOUNTING POLICY

Insurance Receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement

Insurance receivables are derecognised when the derecognising criteria for financial assets have been met.

As at 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Premium Receivables	10,001,563	6,693,267
Due from Trade Debtors	504,636	303,639
Provision for impairment	(183,343)	(167,856)
	10,322,856	6,829,050

19 (a) Credit Quality of Premium Receivables/Trade Debtors that are neither past due nor impaired is explained below;

As at 31 December	GROUP		
	Below 60 days Rs.'000	Above 60 days Rs.'000	Total Rs.'000
2022	7,053,535	3,269,321	10,322,856
2021	4,873,941	1,955,109	6,829,050

In the age analysis Loans to policyholders are not included.

The Group considers a financial asset in default when contractual payments are long due, based on industry practices and management judgement. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

20. OTHER ASSETS

ACCOUNTING POLICY

Other Assets

Inventories

Inventories include all consumable items and are measured at the lower of cost and net realisable value. Cost is generally determined by reference to weighted average cost. Net realizable value is the estimated market price in the ordinary course of business less any estimated expense to sell.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae.

Stationery	} First in First out Basis
Course Materials	
Spare Parts	

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Advances, Deposits & Prepayments	2,451,633	561,638	5,254	5,174
Inventories	343,138	197,415	-	-
Deferred Staff Benefits	72,985	53,544	-	-
Other Receivables	343,273	187,660	-	-
	3,211,029	1,000,257	5,254	5,174

21. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and cash at bank. Bank overdrafts are included in the statement of financial position under current liabilities.

For cash flow purposes, cash and cash equivalents are presented net of bank overdraft.

As at 31 December	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Favourable Balances					
Cash in Hand and at Bank		1,731,412	1,507,233	152	5,436
Unfavourable Balance					
Bank Overdraft	26	(1,389,874)	(1,022,512)	(85,594)	(111,679)
Total Cash and Cash Equivalents		341,538	484,721	(85,442)	(106,243)

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

22 (a) STATED CAPITAL

ACCOUNTING POLICY

The Group has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Classes of Shares				
97,500,000 Ordinary Shares				
2,500,000 Unclassified Shares				
100,000,000 Non Voting Ordinary Shares				
Issued & Fully Paid				
Ordinary shares - Voting 22 (a).i	200,000	200,000	200,000	200,000
Ordinary shares - Non Voting 22 (a).ii	1,122,534	1,122,534	1,122,534	1,122,534
Share Premium 22 (a).iii	2,288	2,288	2,288	2,288
	1,324,822	1,324,822	1,324,822	1,324,822

NOTES TO THE FINANCIAL STATEMENTS

The holders of ordinary shares - voting are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22 (a) i Ordinary Shares - Voting

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
20,000,000 Ordinary Shares Voting	200,000	200,000	200,000	200,000
	200,000	200,000	200,000	200,000

22 (a) ii Ordinary Shares - Non - Voting

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
6,414,480 Ordinary shares - Non-Voting	1,122,534	1,122,534	1,122,534	1,122,534
	1,122,534	1,122,534	1,122,534	1,122,534

22 (a) iii Share Premium

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Share Premium	2,288	2,288	2,288	2,288
	2,288	2,288	2,288	2,288

22 (b) Other Reserves

As at 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Other Retained Reserves	2,057,437	2,057,437	2,057,437	2,057,437
Available for Sale Reserve	(77,943)	756,351	248,764	198,536
Foreign Currency Translation Reserve	357,117	84,066	-	-
	2,336,611	2,897,854	2,306,201	2,255,973

Other Retained Reserves represent General reserves.

23 INSURANCE CONTRACT LIABILITIES

As at 31 December	Note	GROUP	
		2022 Rs.'000	2021 Rs.'000
Life Insurance Contracts	23(a)	134,031,487	118,780,428
Non-life Insurance Contracts	24	15,573,919	15,227,333
Total Insurance Contract Liabilities		149,605,406	134,007,761

Unearned Premium Reserve included in Non-Life Insurance Contract Liabilities had been presented on net basis.

The actuaries have performed Liability Adequacy Test in accordance with SLFRS -4 Insurance Contracts requirements.

23 (a) Life Insurance Contract Liabilities

ACCOUNTING POLICY

These liabilities are calculated as the total of best estimate liability and a risk margin for adverse deviation. The best estimate liabilities are measured by using the gross premium method.

The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees, investment income from assets backing such liabilities and investment management expenses, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows, based on the valuation assumptions used, charges and fees. Adjustments to the liabilities at each Reporting date are recorded in the Income Statement in "gross change in contract liability.

The liability is released when the contract expires, discharged or cancelled.

At each Reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, by using an existing liability adequacy test in accordance with SLFRS 4.

Insurance and investment contracts are further classified as being either with or without discretionary participating features (DPF).

DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are: likely to be a significant portion of the total contractual benefits; the amount or timing of which is contractually at the discretion of the issuer; and that are contractually based on: the performance of a specified pool of contracts or a specified type of contracts; realised and or unrealised investment returns on a specified pool of assets held by the issuer; and the profit or loss of the Company, fund or other entity that issues the contract.

IRCSL regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders.

At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders) and the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the Appointed Actuary. All DPF liabilities including unallocated surpluses, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

23 (a) Life Insurance Contract Liabilities (Contd.)

At 31 December	Insurance Contract Liabilities with DPF Rs.'000	Insurance Contract Liabilities without DPF Rs.'000	Total Gross Insurance Contract Liabilities Rs.'000
At 1 January 2022	65,542,948	53,237,479	118,780,428
Gross Premium Income	5,618,758	23,541,406	29,160,164
Premiums Ceded to Reinsurers	(27,177)	(445,020)	(472,197)
Liabilities Paid for Death, Maturities, Surrenders, Benefits and Claims	(8,639,102)	(10,813,757)	(19,452,859)
Investment Return	7,157,209	8,611,394	15,768,603
Reinsurance Commission Income	4,904	88,209	93,113
Other Operating and Admin Expenses including Income Tax	(1,095,532)	(3,725,041)	(4,820,573)
Underwriting and Net Acquisition Cost	(497,114)	(1,574,417)	(2,071,531)
Net transfer to Shareholder	(288,763)	(4,540,000)	(4,828,763)
Increase in Pension Saver Fund		1,376,919	1,376,919
Revaluation Reserve and AFS Reserve transferred to Life Fund	1,545,004	(1,046,821)	498,183
At 31 December 2022	69,321,135	64,710,351	134,031,487

The valuation of the Life Insurance business as at 31 December 2022 was carried out by our Consulting Actuary, Mr Vivek Jalan, FIA, on behalf of Willis Towers Watson. In the opinion of the Consulting Actuary, proper reserves have been provided for all known liabilities in respect of the Life Insurance business and the Company has adequate financial resources to cover its capital requirements in accordance with the Solvency Margin (risk-based capital) Rules 2015 dated 15th December 2015.

Following the actuarial valuation as at 31 December 2022 the Consulting Actuary has approved a transfer of Rs. 4.8 Bn (2021 - Rs.4.5 Bn) from the Life Fund to the Shareholder's Retained Profit Account.

The Company's Capital Adequacy Ratio (CAR) as at 31 December 2022 is 298% (2021 - 393%) and is well above the minimum requirement of 120%.

23 (b) Restricted Regulatory Reserve

Restricted Regulatory reserve is created as result of One-Off Surplus generated due to change in valuation method from 'Net Premium Valuation' to 'Gross Premium Valuation' as specified in Direction 16, issued by IRCSL on 20th March 2018, for identification and treatment of One-Off Surplus. Complying with the same, the transfer made from policyholders' to Shareholders' fund is limited to surplus generated from other than participating business, whereas the surplus generated from the participating business will be maintained within the participating fund.

The basis for computation of one-off surplus is in line with the Direction issued by IRCSL titled "Directions on the Identification and Treatment of One-off Surplus" dated 20th March 2018.

The Company's One-off Surplus is equal to the minimum One-off Surplus prescribed in the recommendations in the Direction issued by the IRCSL. The basis is same for both participating business and other than participating business.

The One-Off Surpluses in amounts, created for participating business and other than participating business are as follows:

Line item	One-off Surplus Rs.000
Participating Business	2,736,685
Other than Participating Business	3,456,184
Tabarru Reserve	1,920
Total	6,194,789

Distribution of One-Off Surplus to Shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon receiving approval from IRCSL. The One-Off Surplus in the SHF will remain invested in assets in below note as per directions of IRCSL.

One-off surplus of participating business amounted to Rs. 2,736,685,339/-will be held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholders by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No.43 of 2000".

The composition of the assets, which will be held to support the Restricted Regulatory Reserves (One-off Surplus for other than participating business) as at 31 December 2022 are disclosed below at their market values:

Assets	Market Value (Rs. 000)
Government Debt Securities	745,439
Deposits	
Sampath Bank PLC	538,753
National Development Bank PLC	970,969
Bank of Ceylon	1,296,324
Total	3,551,485

24 NON-LIFE INSURANCE CONTRACT LIABILITIES

ACCOUNTING POLICY

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision comprises of reserve for the net unearned premium, reserve for the deferred acquisition cost (net), reserve for gross outstanding claims and the incurred but not reported (IBNR) provision. Unearned premium, deferred acquisition cost and the reserve for gross outstanding claims are stated according to the industry practices whereas the IBNR reserve is decided by an independent external actuary to estimate the outstanding liabilities as of reporting date.

At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed as laid out under SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

At 31 December		2022 Insurance Contract Liabilities Rs.'000	2021 Insurance Contract Liabilities Rs.'000
	Note		
Provision for Reported Claims by Policyholders		7,664,995	7,384,652
Provision for Claims IBNR/IBNER		599,626	467,857
Outstanding Claims Provision	24(a)	8,264,621	7,852,509
Provision for Unearned Premiums	24(b)	7,309,298	7,374,824
Total Non Life Insurance Contract Liabilities		15,573,919	15,227,333

NOTES TO THE FINANCIAL STATEMENTS

24 (a) Outstanding Claims Provision

GROUP	2022				2021	
	Insurance Contract Liabilities Rs.'000	Reinsurance of Liabilities Rs.'000	Net Rs.'000	Net Rs.'000	Significant Observable Inputs Rs.'000	Significant Unobservable Inputs Rs.'000
At 1 January	7,852,509	5,643,660	2,208,849	5,493,983	3,920,992	1,572,991
Claims Incurred in the Current Accident Year	12,303,792	4,434,058	7,869,734	16,567,075	9,408,701	7,158,374
Other Movements in Claims Incurred in Prior Accident Years	728,917	635,350	93,567	74,773	47,669	27,104
Claims Paid During the year	(12,620,597)	(4,641,161)	(7,979,436)	(14,283,322)	(7,733,702)	(6,549,620)
At 31 December	8,264,621	6,071,907	2,192,714	7,852,509	5,643,660	2,208,849

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs.885,236,000 (Rs.922,829,000/- in 2021).

Reinsurance Receivables on paid claims represent dues within 6 months.

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date.

The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claim reserve have been actuarially computed by M/S K.A.Pandit - Consultants and Actuaries. The valuation is performed on an annual basis.

The reserves are determined based on the information currently available. However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

24 (b) Provision for Unearned Premiums

GROUP	2022	2021
	Insurance Contract Liabilities Rs.'000	Insurance Contract Liabilities Rs.'000
At 1 January	7,374,824	7,539,234
Premiums Written in the Year	14,721,419	13,162,600
Premiums Earned During the Year	(14,786,945)	(13,327,010)
At 31 December	7,309,298	7,374,824

25 DEFERRED REVENUE

This represents entitle Reinsurance Commission on Insurance Business to be recognised in the future periods proportionately.

GROUP	2022	2021
	Insurance Contract Liabilities Rs.'000	Insurance Contract Liabilities Rs.'000
At 1 January	578,428	489,501
Premiums Written in the Year	1,655,976	1,133,433
Premiums Earned During the Year	(1,452,513)	(1,044,506)
At 31 December	781,891	578,428

26 INTEREST BEARING LOANS & BORROWINGS

Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

As at 31 December	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Bank Overdraft		1,389,874	1,022,512	85,594	111,679
Borrowings	26 (a)	2,178,187	5,056,365	-	-
Total Borrowings		3,568,061	6,078,877	85,594	111,679

26 (a) Borrowings

At 31 December	Note	GROUP	
		2022 Rs.'000	2021 Rs.'000
Bank Loans	26 (a) i	924,327	3,593,176
Corporate Borrowings		124,750	96,368
Repo Borrowings		1,040,146	1,281,528
Funds under Management Agreement		88,963	85,293
Total		2,178,186	5,056,365

26 (a) i Bank Loans

	As at 01.01.2022 Rs.'000	Loans Obtained Rs.'000	Repayments Rs.'000	As at 31.12.2022 Rs.'000
Sampath Bank PLC	174,596	600,000	(181,860)	592,736
Nation Trust Bank PLC	207,646	107,369	(123,074)	191,941
Commercial Bank of Ceylon PLC	951,142	-	(951,142)	-
Hatton National Bank PLC	2,259,792	-	(2,259,792)	-
Seylan Bank	-	53,750	-	53,750
DFCC Bank	-	183,100	(97,200)	85,900
Total	3,593,176	944,219	(3,613,068)	924,327

Loans were obtained at variable rates and it is assumed that the carrying value approximates fair value.

The Assets pledged against borrowings are disclosed in Note 46.

27 REINSURANCE PAYABLES

At 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	849,506	793,467
Domestic Reinsurers - Others	152,233	71,255
Foreign Reinsurers	9,422,980	5,046,574
Total	10,424,719	5,911,296

The above amounts include Reinsurance payable to National Insurance Trust Fund, Local reinsurers and Foreign reinsurers.

NOTES TO THE FINANCIAL STATEMENTS

28 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Financial Liabilities – Initial Recognition and Subsequent Measurement

Initial recognition and measurement

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

The Group's financial liabilities include trade and other payables, borrowings, and reinsurance payables.

Subsequent measurement

The subsequent measurement of financial liabilities as follows:

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

Derecognition insurance payables

Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

Provisions-General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

As at 31 December	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Policyholders Payment in Advance		968,677	918,730	-	-
Agency Commission Payable		1,408,137	1,341,536	-	-
Government Levies		417,825	230,504	-	-
Trade Creditors		4,515,140	4,165,889	111,397	64,097
Death Claims Payable		129,947	149,565	-	-
Accrued Expenses		1,533,936	1,315,999	-	-
Lease Creditors	28 (a)	841,291	905,894	-	-
Income Tax Payable		2,055,121	1,509,933	105,595	97,248
Total		11,870,074	10,538,050	216,992	161,345

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

All amounts except for lease creditors are payable within one year.

28 (a) Lease creditor

	2022 Rs.'000	2021 Rs.'000
As at 1 January	905,894	1,054,060
Addition	263,636	265,240
Accretion of interest	104,651	117,381
Payments	(389,787)	(364,919)
Derecognition	(43,103)	(165,868)
Derecognition	841,291	905,894

28 (a) i Maturity analysis for lease creditors (Contractual Undiscounted cash flows) are as follows.

As at 31 December	Within One Year Rs.'000	1-3 Year Rs.'000	Above 3 Years Rs.'000	Total Rs.'000
2022	375,300	580,838	270,391	1,226,529
2021	282,262	615,505	69,128	966,895

29 NET PREMIUMS**29 (a) Gross Written Premium****ACCOUNTING POLICY****(1.) Non Life Insurance**

Gross written premium is generally recognised as written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided.

(2.) Life Insurance

Gross premium on life insurance contracts are recognised as revenue when receivable from the policyholder. Premium received in advance are not recognised as revenue but as a liability until the premium become due. For single premium business, revenue is recognised on the date on which the policy is effective.

Unearned Premiums– Non Life Insurance

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/365 basis except for the marine and title Policies in accordance with the Insurance Regulations.

NOTES TO THE FINANCIAL STATEMENTS

The basis of calculating unearned premiums for marine and title policies are as follows,

Class of the Policy	Basis
Marine	60% in the same month 40% after three months of underwriting the policy
Title	60% in the same year 40% is deferred until the validity of the policy expires.

Year ended 31 December	Note	GROUP	
		2022 Rs.'000	2021 Rs.'000
Non-Life Insurance	29 (a) i	29,079,497	22,316,490
Life Insurance	29 (a) ii	29,160,164	25,565,050
Total Gross Written Premium		58,239,661	47,881,540

The premium income for the year by major classes of business is as follows;

29 (a) i Non - Life Insurance

Year ended 31 December	GROUP		
	2022 Rs.'000	2021 Rs.'000	Change %
Fire	7,056,445	4,692,054	50
Motor	10,881,537	10,214,649	7
Marine	1,442,770	1,001,292	44
Miscellaneous	7,528,617	4,572,113	65
Engineering	1,945,649	1,649,042	18
Employers' Liability	224,479	187,340	20
Total	29,079,497	22,316,490	30

The Gross written premium of 2022 includes Rs.70,431,862/- and US\$ 71,353 (2021- Rs. 71,418,361/- and US\$ 93,018) which are collected on behalf of Co-Insurance Partners.

29 (a) ii Life Insurance

Year ended 31 December	GROUP		
	2022 Rs.'000	2021 Rs.'000	Change %
New Businesses	4,328,564	5,392,506	(20)
Single Premium	10,434,657	6,061,122	72
Renewal Premium	13,888,639	13,137,583	6
Group Life Premium	508,304	973,840	(48)
	29,160,164	25,565,050	14
Annualised New Business Life Premium	9,518,083	9,017,314	6

29 (b) Premiums Ceded to Reinsurers**ACCOUNTING POLICY****Reinsurance Premium****(1.) Non Life Insurance**

Reinsurance premium expense is accounted for in the same accounting period as the gross written premium to which it relates.

(2.) Life Insurance

Gross reinsurance premiums are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective

Year ended 31 December	Note	GROUP	
		2022 Rs.'000	2021 Rs.'000
Non-Life Insurance	29 (b) i	14,397,925	9,157,243
Life Insurance	29 (b) ii	472,197	308,499
Premiums Ceded to Reinsurers		14,870,122	9,465,742

29 (b) i Non- Life Insurance

Year ended 31 December	GROUP		
	2022 Rs.'000	2021 Rs.'000	Change %
Fire	6,457,026	4,486,520	44
Motor	776,862	920,636	(16)
Marine	964,321	602,179	60
Miscellaneous	4,549,143	1,817,568	150
Engineering	1,636,507	1,316,818	24
Employers' Liability	14,066	13,522	4
Total	14,397,925	9,157,243	57
National Insurance Trust Fund			
Compulsory Reinsurance Cessions	730,679	630,399	16
Strike , Riots, Civil Commotion	2,112,345	1,646,210	28
Foreign Reinsurers	11,330,305	6,791,016	67
Local Coinsurance Partners	224,596	89,618	151
	14,397,925	9,157,243	57

29 (b) ii Life Insurance

Year ended 31 December	GROUP		
	2022 Rs.'000	2021 Rs.'000	Change %
Foreign Reinsurers	472,197	308,499	53
	472,197	308,499	

NOTES TO THE FINANCIAL STATEMENTS

29 (c) Net Income

Year ended 31st December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Net Earned Premium	43,474,912	38,583,559	-	-
Revenue from Subsidiaries	4,344,305	3,852,427	-	-
Other Revenue	29,201,056	18,177,406	1,888,091	1,634,898
Total Net Income	77,020,273	60,613,392	1,888,091	1,634,898

Net Income represents Total Net Earned Premium, Other Revenue and Revenue from Subsidiaries (Group).

Revenue from non Insurance subsidiaries

The source of revenue from other operations is recognised as per SLFRS 15 revenue from contract with customers.

30 FEES AND COMMISSION INCOME

ACCOUNTING POLICY

Fees and Commission Income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue when the related services are performed.

Year ended 31st December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Reinsurance Commission Income	1,545,627	1,173,707	-	-
Other Fees	112,864	80,030	-	-
Total Fees and Commission Income	1,658,491	1,253,737	-	-

31 INVESTMENT INCOME

ACCOUNTING POLICY

Investment Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

Investment income also includes dividend income which is recognised when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend.

(1.) Healthcare Segment

This income of the Company comprises of three avenues such as medical testing, screening test and cancer treatment. All such revenue is recognised in the Income Statement on accrual basis upon completion of the task.

(2.) Services

Revenue is recognised in the accounting periods in which the services are performed.

(3.) Power Generation

Revenue is recognised in the accounting period in which the power is generated and supplied to national grid.

(4.) Education

Revenue from rendering of services is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Income from relevant services are recognised as an income on periodic basis over time. Income from services relate to future periods are shown in the statement of financial position under other liabilities.

Other Income**(1.) Rental Income**

Rental income from property is recognised in income statement on a straight-line basis over the term of the lease.

Year ended 31st December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Rental Income from Investment Properties	27,435	62,978	-	-
Financial Assets at Fair Value through Profit or Loss (Held for Trading Purposes)				
Interest Income	23,303	178,532	-	-
Held to Maturity Financial Assets Interest Income	10,129,471	6,274,190	44,353	-
Available-For-Sale Financial Assets				
Interest Income	934,960	1,239,624	-	-
Dividend Income	155,463	230,745	1,542,177	1,566,685
Loans and Receivables Interest Income	10,386,562	7,766,181	194,321	60,315
Interest Income from Staff Loan	65,404	75,736	-	-
Other Operating Revenue	5,437,081	406,065	107,240	7,898
Total Investment Income	27,159,679	16,234,051	1,888,091	1,634,898

32 NET REALISED GAINS**ACCOUNTING POLICY****Realised Gains and Losses**

Realised gains and losses recorded in the income statement on investments include gains and losses on sale of financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Year ended 31st December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Property, Plant and Equipment				
Realised Gains	28,942	16,561	-	-
Available-For-Sale Financial Assets				
Realised Gains				
Equity Securities	9,404	138,623	-	-
Debt Securities	9,693	154,894	-	-
Unit Trust Investments	-	72,294	-	-
Total Realised Gains for Available-For-Sale Financial Assets	19,097	365,811	-	-
Total Realised Gains	48,039	382,372	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. NET FAIR VALUE GAINS AND LOSSES

ACCOUNTING POLICY

Net fair value Gains and Losses

Net fair value gains and losses recorded in the income statement include gains and losses on fair valuation of investment properties and gain and losses on financial assets at fair value through P&L.

Year ended 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Fair Value Gains on Investment Properties	308,955	371,358
Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss (Held for Trading Purposes)	25,892	(64,112)
Total Fair Value Gains and Losses	334,847	307,246

34. NET BENEFITS AND CLAIMS

ACCOUNTING POLICY

Claims

(1.) Non Life Insurance

Claims expenses and liabilities for outstanding claims are recognised in respect of direct and inwards reinsurance business. The liability covers claims reported but not yet paid, incurred but not reported claims ("IBNR") and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files estimating changes in the ultimate cost of settling claim. The provision in respect of IBNR & IBNER (Incurred But Not Enough Reported) are actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuation is performed on an annual basis.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for estimates of that period. The methods used and the estimates made are reviewed regularly.

(2.) Life Insurance

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claim handling costs that are directly related to the processing and settlement of claims and policyholder bonuses. Death claims and surrenders are recorded on the basis of notifications received. Maturities, annuity payments and interim payments are recorded when due.

(3.) Reinsurance on Claims

Reinsurance on claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Year ended 31 December		GROUP	
		2022 Rs.'000	2021 Rs.'000
	Note		
34 (a) Gross Benefits and Claims Paid			
Life Insurance Contracts		19,187,615	12,927,237
Non-Life Insurance Contracts		12,620,597	14,283,322
Total Gross Benefits and Claims Paid		31,808,212	27,210,559
34 (b) Claims Ceded to Reinsurers			
Life Insurance Contracts		(218,349)	(190,929)
Non-Life Insurance Contracts		(4,641,160)	(7,733,700)
Total Claims Ceded to Reinsurers		(4,859,509)	(7,924,629)
34 (c) Gross Change in Contract Liabilities			
Change in Life Insurance Contract Liabilities		13,375,957	11,803,985
Change in Non-Life Insurance Contract Outstanding Claims Provision		(316,804)	2,283,753
Total Gross Change in Contract Liabilities		13,059,153	14,087,738
34 (d) Change in Contract Liabilities Ceded to Reinsurers			
Change in Non-Life Insurance Contract Outstanding Claims Provision		207,102	(1,675,001)
Total Change in Contract Liabilities Ceded to Reinsurers		207,102	(1,675,001)
Net Benefits and Claims		40,214,958	31,698,667
Net Benefits and Claims - Non Life Insurance	34 (f)	7,869,735.00	7,158,374.00
Net Benefits and Claims - Life Insurance		32,345,223.00	24,540,293.00
		40,214,958.00	31,698,667.00

34 (e) Gross Claims and Benefits (Excluding Life Fund Increase)

Year ended 31 December		GROUP	
		2022 Rs.'000	2021 Rs.'000
Claims - Death, Disability and Hospitalisation		1,777,969	1,957,709
Policy Maturities		12,579,829	8,151,949
Interim Payments on Anticipated Endowment Plans		1,192,286	1,072,000
Surrenders		3,611,076	1,722,197
Annuities		26,455	23,382
		19,187,616	12,927,237
Reinsurance Recoveries		(218,349)	(190,929)
Life Insurance Net Claims and Benefits		18,969,267	12,736,308

34 (f) Non - Life Net Claims Incurred

Year ended 31 December		GROUP	
		2022 Rs.'000	2021 Rs.'000
Gross Claims Incurred		12,303,793	16,567,075
Reinsurance Recoveries		(4,434,058)	(9,408,701)
Total Net Claims Incurred		7,869,735	7,158,374

NOTES TO THE FINANCIAL STATEMENTS

34 (g) The Net Claims Incurred for the year by major classes of business is as follows.

Year ended 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Fire	627,542	702,763
Motor	4,588,024	4,163,126
Marine	193,941	148,606
Miscellaneous	2,169,969	1,821,355
Engineering	242,839	286,734
Employer's Liability	47,420	35,790
	7,869,735	7,158,374

35. ACQUISITION COSTS

ACCOUNTING POLICY

(1) Non Life Insurance

Acquisition costs, representing commissions, which vary with and are directly related to the production of business are deferred and amortised over the period in which the related written premiums are earned. Reinsurance commission is also treated in the same manner within deferred acquisition costs.

(2) Life Insurance

Commission Expense is charged to the period in which it's incurred. Commission payable on accrued premium is recognised to the extent that these costs are recoverable out of future premiums.

All expenses vary with, and are primarily related to, the acquisition of new insurance contracts.

Year ended 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Fees and Commission Expenses	4,648,621	4,470,499	-	-
Deferred Expenses	(91,492)	(18,377)	-	-
	4,557,129	4,452,122	-	-

36. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Year ended 31 December	Note	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Amortisation of Intangible Assets & Goodwill	7	209,370	190,640	-	-
Depreciation on Property, Plant and Equipment	9	927,940	882,335	-	-
Depreciation of Right of Use Assets	10	368,503	364,242	-	-
Other Operating Expenses	36 (b)	3,045,124	3,158,418	20,606	11,783
Auditors' Remuneration		16,992	23,193	717	1,679
Employee Benefits Expense	36 (a)	5,709,547	5,647,657	159,658	148,655
Selling Expenses		2,229,431	1,714,887	-	-
Legal Expenses		62,116	45,946	20,806	12,234
Donations		2,010	4,638	-	-
Total Other Operating and Administrative Expenses		12,571,033	12,031,956	201,787	174,351

36 (a) Employee Benefits Expense

Year ended 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Wages and Salaries Including Bonus & Incentives	5,647,350	5,143,252	128,550	119,563
Employees' Provident Fund	422,112	396,732	11,041	10,223
Employees' Trust Fund	105,954	91,590	2,760	2,556
Defined Gratuity Benefit & Pension Costs	(834,951)	(368,824)	11,041	10,223
Other Staff Related Cost	369,082	384,907	6,266	6,090
Total Employee Benefits Expense	5,709,547	5,647,657	159,658	148,655

36 (b) Other Operating Expenses

The Operating Expenses incurred in respect of Investment Property which does not earn rental income is Rs.3,082,801 (2021 - Rs. 1,848,455/-) The Operating Expenses incurred in respect of Investment Property which earns rental income is Rs.2,400,552 (2021- Rs. 5,234,339)

- 36 (c)** Net Gratuity Benefit and Pension Cost shows a negative amount primarily due to expected return on plan assets over current service cost and interest cost on benefit obligations.

37. FINANCE COSTS**ACCOUNTING POLICY**

Finance cost is recognised as expenditure in the period in which they are incurred. However, finance costs are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the assets.

Year ended 31 December	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Borrowings				
Interest Expense on Bank Overdraft	19,445	1,105	-	-
Interest Expense on Loans	141,815	31,905	-	-
Other Finance Charges	124,014	99,148	1,179	1,287
Lease Interest	104,651	117,381	-	-
Total Finance Cost	389,925	249,539	1,179	1,287

NOTES TO THE FINANCIAL STATEMENTS

38. INCOME TAX EXPENSE

The major components of Income Tax Expense for the years ended 31 December 2022 and 2021 are:

38 (a) Current Year Tax Charge

Year ended 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Current tax				
Income Tax	2,952,868	2,343,315	205,591	186,117
Over/Under Provision in respect of Previous Year	(38,093)	(193,611)	-	-
Total Current Tax	2,914,775	2,149,704	205,591	186,117
Deferred Tax				
Origination of Temporary Differences (Note 18 (a) and 18 (b))	110,340	412,979	-	-
Total Income Tax Expense	3,025,115	2,562,683	205,591	186,117

38 (a) i Statutory Income Tax Rate applicable for each period

Year ended 31 December	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Statutory Income Tax Rate				
Y/A 2022/2023 @ 10% p.a.	-	3,440	-	-
Y/A 2022/2023 @ 14% p.a.	279,684	319,183	111,153	173,616
Y/A 2022/2023 @ 15% p.a.	53,696	9,063	39,697	-
Y/A 2022/2023 @ 24% p.a.	1,911,656	2,011,629	38,640	12,500
Y/A 2022/2023 @ 30% p.a.	707,833	-	16,100	-
Over/under provision in respect of previous year	(38,094)	(193,611)	-	-
Tax effect on accounting Profit Before Tax	2,914,775	2,149,704	205,591	186,117
Amount of deferred tax expense relating to the origination and reversal of temporary differences	442,521	412,979	-	-
Amount of deferred tax expense (Income) relating to changes in tax rates	(332,181)	-	-	-
Total Income Tax Expense	3,025,115	2,562,683	205,591	186,117

38 (b) Tax recorded in Other Comprehensive Income (Note 42)

Year ended 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Deferred Tax	934,257	43,299
Total Tax Charge to Other Comprehensive Income	934,257	43,299

38 (c) Reconciliation of Tax Charge

Year ended 31 December	COMPANY	
	2022 Rs.'000	2021 Rs.'000
Reconciliation of Effective Tax Rate		
Profit Before Tax	1,661,537	1,459,260
Income Tax using the Company's Domestic Tax Rate	423,692	204,296
Tax Exempt Income	(80,515)	(41,173)
Net Non-Deductible/(Deductible) Expenses	(137,586)	22,994
	205,591	186,117

Year ended 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Reconciliation of Effective Tax Rate		
Profit Before Tax	16,281,006	12,623,332
Income Tax using the Company's Domestic Tax Rate	4,736,110	3,117,540
Tax Exempt Income	(2,319,189)	(1,573,932)
Net Non-Deductible/(Deductible) Expenses	(613,488)	(372,800)
Tax Effect of Loss Claimed for the Year	(112,876)	(31,190)
Income Tax for Bonuses distributed/declared to policyholders	122,523	123,783
Income Tax for Surplus distributed to Shareholders	1,139,883	1,080,000
Over / (Under) Provision of Previous Years	(38,092)	(193,699)
Deferred Tax Charge/(Reverse)	110,245	412,979
	3,025,115	2,562,683

NOTES TO THE FINANCIAL STATEMENTS

38 (d) Change in Income Tax Rate

The Company is liable to pay income tax at the rate of 24% for the first six months and 30% for the last six months of the year of assessment 2022/2023 by applying the Income tax rate of the 24%- 30% of its taxable profits in accordance with the provisions of the Inland Revenue Act, No. 45 of 2022 and subsequent amendments thereto.

1. Surplus distributed to shareholders from Life Insurance business as certified by appointed actuary @ 24%-30%
2. Investment Income of Shareholder fund less any expenses incurred in the production of such income @ 24%-30%
3. Bonus Distributed to policyholders @ 24%-30%
4. Realization of capital gain @ 10%-30%
5. Dividend income @ 14%-15%

CEG Education Holdings (Pvt) Ltd and other Subsidiaries computed the Income Tax Liability for first six months of the year of assessment 2022/2023 by applying the Income Tax rate of the 24%. The revised Income tax of 30% and other amendments in line with the Inland Revenue(Amendments) Act No 45 of 2022 were considered to calculate the Income tax liability of the Group for second six months of the year of assessment 2022/2023. The Differed tax assets/liabilities of the Group as at 31st December 2022 were computed using the revised Income tax rate of 30%.

The Statutory income from business of Ceypower Cascades (Pvt) Ltd and Ceyhydro Developers (Pvt) Ltd. are liable for 14% tax on the income for the year of assessment 2022/2023. Other income of the Company is liable for taxation at 24%. The revised Income tax of 30% and other amendments in line with the Inland Revenue(Amendments) Act No 45 of 2022 were considered to calculate the Income tax liability of the company for second six months of the year of assessment 2022/2023.

Ceylinco Insurance Company (Pvt) Ltd. -Maldives is liable to pay income tax at 15% on its business income in Maldives.

38 (e) Other Taxes

Surcharge Tax

The government of Sri Lanka imposed a one time tax , referred to as surcharge Tax, at the rate of 25% on companies that have earned a taxable income in excess of Rs. 2 Bn for the year of assessment 2020/2021. According to the surcharge Tax act No. 14 of 2022, the surcharge tax shall be deemed to be an expenditure in the financial statements commenced on 1st January 2020. Based on the surcharge tax Act requirements and the SOAT on accounting for surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, the Group has recognised the total liability to the surcharge tax as an adjustment to the opening retained earnings as at 1st January 2022.

As per the Surcharge Tax Act No.14 of 2022 which was certified on 8th April 2022, the Group is liable for the Surcharge tax of Rs. 2.5 Bn pertaining to the year of assessment 2020/21. According to the said act, the Surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2020. Since the Act supersedes the requirements of the Sri Lanka accounting for surcharge Tax issued by the institute of Chartered Accountants of Sri Lanka, in April 2022. This not included in the Income tax expense and this is a newly imposed one-off tax.

Social Security Contribution Levy

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the second schedule of the Social security contribution levy Act No 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022. Social Security Contribution Levy is payable on 100% of the value addition attributable to Insurance services.

As per the provisions of the act, Life insurance business, supply of medical services and supply of pharmaceutical products are exempted.

39. NON CONTROLLING INTERESTS (NCI)**39 (a) Accumulated Balances of Non-Controlling Interest**

As at 31st December	2022	2021	Effective ownership by NCI %
	Rs.'000	Rs.'000	
Name of Company			
Ceylinco Healthcare Services Ltd	4,684	4,065	0.80
Ceylinco Insurance (Pvt) Ltd -Maldives	155,993	102,895	21
Ceylinco Investcorp (Pvt) Ltd	(41,772)	22,653	25
Energy Lanka Holdings Ltd	8,257	11,495	-
CEG Education Holdings Ltd	3,147,738	2,403,016	37.40
	3,274,900	2,544,124	

39 (b) Profit allocated to Non-Controlling Interest

Year ended 31 December	2022	2021
	Rs.'000	Rs.'000
Name of Company		
Ceylinco Healthcare Services Ltd	610	569
Ceylinco Insurance (Pvt) Ltd -Maldives	19,381	12,097
Ceylinco Investcorp (Pvt) Ltd	200	4,062
Energy Lanka Holdings Ltd	(2,349)	2,165
CEG Education Holdings Ltd	594,777	306,207
	612,619	325,100

40. BASIC/DILUTED EARNINGS PER SHARE**ACCOUNTING POLICY**

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding at the reporting date.

Basic/Diluted Earnings Per Share has been calculated by dividing profit after taxation attributable to ordinary shareholders of the parent by the weighted average Ordinary Shares in issue at the year end.

	GROUP		COMPANY	
Year ended 31 December	2022	2021	2022	2021
Profit for the Year (Rs.'000)	12,643,272	9,735,549	1,455,946	1,273,143
Weighted Average Number of Ordinary Shares ('000)	26,414	26,414	26,414	26,414
Basic/Diluted Earnings Per Ordinary Share (Rs.)	478.66	368.58	55.12	48.20

There were no potential dilutive Ordinary Shares outstanding at any time during the year. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share shown above.

NOTES TO THE FINANCIAL STATEMENTS

41. DIVIDENDS PAID

ACCOUNTING POLICY

Dividends on Ordinary Share Capital

Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Year ended 31 December	COMPANY	
	2022	2021
Final Dividend Paid (Rs.'000)	1,109,408	1,056,579
No. of Shares in issue for the year ('000)	26,414	26,414
Dividend Per Share (Rs.)	42.00	40.00

42. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Year ended 31 December GROUP	2022			2021		
	Before Tax Amount Rs.'000	Tax (Expense) Benefit Rs.'000	Net of Tax Amount Rs.'000	Before Tax Amount Rs.'000	Tax (Expense) Benefit Rs.'000	Net of Tax Amount Rs.'000
Exchange Differences on Translating Foreign Operations	346,716	-	346,716	32,600	-	32,600
Net Gain/(Loss) on Available-for-Sale Financial Assets	(1,112,156)	208,058	(904,098)	(604,969)	51,704	(553,265)
Actuarial Gain on Defined Benefit Plans	598,364	11,256	609,620	985,518	(147,655)	837,863
Revaluation Surplus/(Deficit) During the Year	2,671,180	(1,153,551)	1,517,629	525,065	52,652	577,717
Total	2,504,104	(934,237)	1,569,867	938,214	(43,299)	894,915

42.1 Movement of share of other Comprehensive Income /(Loss) of an associates

Year ended 31 December	GROUP	
	2022 Rs.'000	2021 Rs.'000
Actuarial Gain on Defined Benefit Plans	117,702	(12,194)
Revaluation Surplus/(Deficit) During the Year	97,101	-
Tax Expenses	(302,444)	10,936
Net Gain/(Loss) on Available-for-Sale Financial Assets	(161,990)	128,548
Total	(249,631)	127,290

42.2 Movement of share of other Comprehensive Income /(Loss) of Company

Year ended 31 December	2022			2021		
	Before Tax Amount Rs.'000	Tax (Expense) Benefit Rs.'000	Net of Tax Amount Rs.'000	Before Tax Amount Rs.'000	Tax (Expense) Benefit Rs.'000	Net of Tax Amount Rs.'000
Net Gain/(Loss) on Available-for-Sale Financial Assets	50,228	-	50,228	203,726	-	203,726
Total	50,228	-	50,228	203,726	-	203,726

43. RISK MANAGEMENT FRAMEWORK

43 (a) Governance Framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management process with specified objectives with clear tasks. The board of directors and senior managers manage the risks through various committees and delegated authorities. The reviews of risks on regular basis and the strategies adopted timely ensures the risk management function an important activity within the organisation.

The risks are identified with clear understanding of market environment, regulatory environment and macro economic changes. The Group has well experienced and skilled directors who could assess the risks and execute appropriate strategies and achieve the targets with less negative effect to shareholders.

43 (b) Capital Management Objectives, Policies and Approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

Operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Insurance business maintains capital, investments and solvency as per the regulations prescribed by Insurance Regulatory Commission of Sri Lanka. (IRCSL). Further, under the parallel run requirements of IRCSL the insurance business maintains required Capital Adequacy Ratio (CAR) under the Risk Based Capital (RBC) Regime.

New changes in regulations are timely adopted and necessary changes are made to internal processes.

Approach to Capital Management

The Group allocates capital to businesses as required and ensures the sufficient returns to shareholders and policyholders. The assets and liabilities management establishes the required level of liquidity and reduces the risks of the Group and achieves the required capital levels of the Group.

The primary source of capital used by the Group is equity shareholders' funds. The Group also utilises, where efficient to do so, sources of capital such as reinsurance.

The returns expectations are regularly forecast and comparisons are made in order to ensure the requirements of stakeholders are achieved.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Ceylinco General Insurance Ltd has following Capital Resources.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December	2022 Rs.'000	2021 Rs.'000
Total Equity	17,171,550	14,468,104
Adjustments onto a regulatory basis	(7,456,528)	(6,675,902)
Available Capital Resources	9,715,022	7,792,202

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Ceylinco Life Insurance Ltd has following Capital Resources.

Year ended 31 December	2022 Rs.'000	2021 Rs.'000
Total Equity	49,399,013	44,194,033
Adjustments onto a regulatory basis	16,542,096	28,048,262
Available Capital Resources	65,941,109	72,242,295

The adjustments onto a regulatory basis include the following.

1. Adjustment for valuation differences of Assets and Liabilities between SLFRS and RBC frameworks.
2. Unallocated valuation surplus maintained in the insurance funds.
3. 50% of net future bonuses in respect of participating business
4. Value of Inadmissible Assets under RBC framework.

43 (c) Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance business is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the insurance business maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The insurance business is regulated by Insurance Regulatory Commission of Sri Lanka (IRCSL) with the objective of protecting shareholders and policyholders. There are various regulations and directive the insurance business is expected to adhere in order to achieve the expected norms, which leads the insurance business to maintain required solvency and maintain sufficient capital.

Financial risks arise due to movements in market rates. The risks mainly involve interest rates risks, share price changes etc. The Group manages these risks through various strategies adopted at asset liability committee, investment committee and risk management committees.

IRCSL ensures that the Company maintains required solvency position to meet future liabilities. The Insurance Companies successfully implemented the Risk Based Capital (RBC) framework on solvency margin as required by IRCSL.

The capital adequacy positions of the Insurance Companies as of 31st December 2022 and 2021 are as follows.

Ceylinco General Insurance Ltd

	Total Available Capital (TAC) Rs.'000	Minimum Capital Requirement Rs.'000	Risk-Based Capital Adequacy Ratio (CAR) %	Regulatory Minimum CAR %
31st December 2022	9,715,022	4,688,515	208	120
31st December 2021	7,792,202	3,918,202	199	120

Ceylinco Life Insurance Ltd

	Total Available Capital (TAC) Rs.'000	Minimum Capital Requirement Rs.'000	Risk-Based Capital Adequacy Ratio (CAR) %	Regulatory Minimum CAR %
31st December 2022	65,940,329	22,127,597	298	120
31st December 2021	72,242,294	18,365,492	393	120

43 (d) Asset Liability Management (ALM) Framework

ALM is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve an organization's financial objectives, given the organization's risk tolerance and other constraints. ALM deals with the optimal investment of assets in view of meeting current goals and future liabilities.

Various financial risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces, due to the nature of its investments and liabilities, is interest rate risk.

The Investment committee identifies the nature of the liabilities arising from the product portfolio and evaluates the investment options that best suit to hedge the liability. The Group manages these selected positions within a strategically crafted ALM framework that has been developed considering the cyclical nature of the domestic interest rates to achieve investment returns in excess of its obligations in the long term.

44. INSURANCE AND FINANCIAL RISK

44 (a) Insurance Risk

The principal insurance risk the Group faces is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group has entered into reinsurance treaties with world's leading reinsurers as a part of its risks mitigation programme. All reinsurance is designed to mitigate the group's net exposure to a single claim as well as to catastrophe losses.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. The Group has all reinsurance arrangements with many leading reinsurance companies.

NOTES TO THE FINANCIAL STATEMENTS

44 (a) i Life Insurance Contracts

Life insurance contracts offered by the Group include: whole life, term assurance and endowment plans. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death. Death and maturity benefits of endowment products are subject to a guaranteed minimum amount. For contracts with DPF the guaranteed minimum may be increased by the additions such as bonuses.

The main risks that the Group is exposed to are as follows:

Mortality risk – risk of loss arising due to policyholder death experience being different than expected

Morbidity risk – risk of loss arising due to policyholder health experience being different than expected

Investment return risk – risk of loss arising from actual returns being different than expected

Expense risk – risk of loss arising from expense experience being different than expected

Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Key Assumptions

The Insurance Companies exercise significant judgment in determining the policy liabilities and in selecting assumptions. The key assumptions to which the liability value can be sensitive are mortality, morbidity, expenses, discount rates, lapse and surrender rates. The choice of assumption depends on the past and current experience of the Insurance Companies and other available information. Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Insurance Companies historical experience. Discount rates are based on current industry risk free rates. All these assumptions are within the guidelines issued by the IRCSL.

Mortality rate

Mortality assumptions are based on standard mortality tables.

Lapse rates

Lapses occur due to non-payment of premiums before the policy acquires a surrender value. Surrenders occur due to termination of policies by policyholders after acquiring a surrender value.

Risk Free Rate

Risk free discount rate is used to discount the cash flows for corresponding durations for guaranteed benefits of non-participating and participating insurance fund policies. The applicable risk free rates are shared by the IRCSL every quarter.

Fund-Based Yield

Fund-based yield is used in the participating fund to discount the cash flows for corresponding durations where total benefits are considered.

Management Expenses

The assumptions for management expenses are determined based on the investigation into the expenses of the Insurance Company over the last four calendar years. Each expense is classified as acquisition/maintenance/termination and then classified as fixed/variable.

44 (a) 2 Sensitivity of the Value of Life Insurance Liabilities for Change in Assumptions

Sensitivity of the Value of Insurance Liabilities as at 31 December 2022	Changes in Assumptions	Impact on the Net Best Estimate Liabilities
Expenses	+10%	1.14%
Expenses	-10%	-1.14%
Mortality	+10%	0.32%
Mortality	-10%	-0.33%
Morbidity	+20%	0.27%
Morbidity	-20%	-0.28%
Withdrawal Rate	+20%	-0.03%
Withdrawal Rate	-20%	0.09%

Changing assumptions as mentioned above does not have material impact to the income statement.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that premium charged takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to revive individual policies and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behaviour.

The main risk faced by non-life insurance business is that the actual claims are varying from the expected claims are varying from different types of policies. The non-life insurance business minimises the risks by evaluating the business in detail and charges the correct premiums so that the company has sufficient reserves to meet any unforeseen claims.

There are other types of risks such as reinsurance, default risk, concentration risk, liquidity risks and market risks. The business's risk management policies and processes mitigate the impact of these risks and also benefits the organisation by accepting some calculated risks at appropriate times.

44 (a) ii Non-Life Insurance Contracts

The non-life insurance principally issues the following types of general insurance contracts: motor, marine, engineering, fire, suwa sampatha and miscellaneous products. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from accidents, climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the non-life. Further on the spot claims settlement procedures also helps to reduce the exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The non-life has also limited its exposure by arranging reinsurance contracts with rated Reinsurers internationally.

Key assumptions and sensitivities

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience.

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes, impact of natural catastrophic or uncertainty in the estimation process.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of the Value of Insurance Liabilities as at 12/31/22	Outstanding claim reserve based on BF with a 5% increase in the Initial Estimated Ultimate Loss Ratio (IEULR)
Impact on the Best Estimate Liability (Rs .000)	(485,223)

Claims Development Table

The following table shows the Estimated Net Claims Liability (after considering reinsurance) for each successive accident year at each reporting date for domestic operations of Ceylinco General Insurance Ltd.

Year	0	1	2	3	4
2012	-	-	4,118,362	-	-
2013	-	5,227,313	(8,690,169)	499,999	-
2014	939,339,988	(5,564,745)	(5,564,745)	-	-
2015	570,867,852	(103,140,094)	(38,064,835)	91,881,814	-
2016	(359,345,658)	(201,260,832)	60,691,997	128,184,503	(1,000)
2017	1,024,084,173	(364,476,124)	495,972	758,285,869	-
2018	988,889,167	20,145,932	12,012,341	991,526,647	-
2019	952,207,050	30,712,276	19,286,206	934,237,682	-
2020	323,652,514	83,737,967	33,338,721		
2021	992,194,186	152,937,696			
2022	972,512,044				

44 (b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Life insurance segment exposure to credit risk:

- Credit risk policy is set based on the assessment and IRCSL determination. Accordingly Life insurance segment has the maximum amounts and limits that may be advanced to counterparties by reference to their long-term credit ratings. Policy is monitored at each reporting date or when required for changes in the risk environment.
- Reinsurance is placed with counterparties that have a good credit rating. At each reporting date, an assessment of creditworthiness of reinsurers are performed and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The following processes/activities of General insurance segment division reduces the credit risk of financial instruments.

- Credit risk policy is based on the IRCSL determination. The maximum exposures to each type of financial instrument is limited based on the policy.
- The investment committee evaluates the exposure and the new investments in instruments in order to reduce the risks.
- The regular review by the Board also minimises the credit risks.

44 (b) i Credit Exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments.

Year ended 31 December	Notes	2022		2021	
		Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000
Financial Instruments					
Held-to-Maturity Financial Assets	13(a)				
Debt Securities		91,950,320	-	64,137,247	-
Loans and Receivables	13(b)				
Debt Securities		78,137,364	1,118,609	95,584,031	1,233,146
Staff Loan		1,241,498	-	1,157,198	-
		79,378,862	1,118,609	96,741,229	1,233,146
Available-for-Sale Financial Assets	13(c)				
Equity Securities		804,620	487,886	904,932	437,659
Debt Securities		9,626,589	619,092	9,898,228	127,009
		10,431,209	1,106,978	10,803,160	564,668
Financial Assets at Fair Value through Profit or Loss	13(d)				
Equity Securities		467,092	-	99,519	-
Debt Securities		63,214	-	-	-
		530,306	-	99,519	-
Reinsurance Assets	16	6,571,724	-	6,035,830	-
Insurance Receivables	19	10,322,856	-	6,829,050	-
Cash and Cash Equivalents	21	1,731,412	152	1,507,233	5,436
Total Credit Risk Exposure		200,916,689	2,225,739	186,153,268	1,803,250

44 (b) ii Industry Analysis

31 December 2022	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Assets						
Held-to-Maturity Financial Assets						
Debt securities	9,282,268	82,447,983	-	-	-	91,730,251
	9,282,268	82,447,983	-	-	-	91,730,251
Loans and Receivables						
Term Deposits	52,289,228	-	-	-	-	52,289,228
Repo Investments	5,463,435	-	-	-	-	5,463,435
Unquoted Debentures	1,483,776	-	-	-	-	1,483,776
Debentures Quoted	14,452,542	-	-	-	-	14,452,542
Staff and Vehicle Loans	-	-	-	-	1,108,914	1,108,914
Other Loans	-	-	-	-	-	-
	73,688,979	-	-	-	1,108,914	74,797,895
Available-for-Sale Financial Assets						
Equity Securities	94,745	-	8,590	546,921	44,953	695,208
Debt Securities	1,521,272	5,847,190	-	-	-	7,368,462
Unit Trust	224,106	-	-	-	-	224,106
	1,840,125	5,847,190	8,590	546,921	44,953	8,287,779
Financial Assets at Fair Value through Profit or Loss						
Equity Securities	99	-	508	280	-	887
Debt Securities	-	467,092	-	-	-	467,092
	99	467,092	508	280	-	467,979
Sub Total-Insurance Business	84,811,471	88,762,265	9,098	547,201	1,153,867	175,283,902
Financial Instruments - Other Subsidiaries & Ceylinco Insurance PLC						7,006,795
Total Credit Risk Exposure						182,290,697

NOTES TO THE FINANCIAL STATEMENTS

44 (b) ii Industry Analysis

31 December 2021	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Assets						
Held-to-Maturity Financial Assets						
Debt securities	10,237,229	53,668,148	-	-	-	63,905,377
	10,237,229	53,668,148	-	-	-	63,905,377
Loans and Receivables						
Term Deposits	66,279,411	-	-	-	-	66,279,411
Repo Investments	6,296,199	-	-	-	-	6,296,199
Unquoted Debentures	4,875,489	-	-	-	-	4,875,489
Debentures Quoted	14,440,646					14,440,646
Staff and Vehicle Loans		-	-	-	1,031,121	1,031,121
	91,891,746	-	-	-	1,031,121	92,922,867
Available-for-Sale Financial Assets						
Equity Securities	129,441	-	6,825	546,927	97,897	781,090
Debt Securities	2,250,270	5,756,551	-	-	-	8,006,820
Unit Trust	276,287	-	-	-	-	276,287
	2,655,998	5,756,551	6,825	546,927	97,897	9,064,197
Financial Assets at Fair Value through Profit or Loss						
Equity Securities	169	-	447	457	-	1,073
	169	-	447	457	-	1,073
Sub Total-Insurance Business	104,785,141	59,424,699	7,272	547,384	1,129,018	165,893,513
Financial Instruments -Other Subsidiaries & Ceylinco Insurance PLC						5,887,642
Total Credit Risk Exposure						171,781,155

44 (b) iii The below table indicates the rating of investments as at 31st December 2022 & 2021

GROUP 31 December 2022	AAA Rs.'000	AA+	AA Rs.'000	AA-	A+	A Rs.'000	A- Rs.'000	BBB+	BBB Rs.'000	BB+ Rs.'000	BB Rs.'000	BBB- Rs.'000	B Rs.'000	Unrated Rs.'000	Total Rs.'000
Financial Instruments															
Held-to-Maturity Financial Assets															
Debt Securities	82,447,983	-	-	4,528,277	1,928,306	2,825,685	-	-	-	-	-	-	-	-	91,730,251
Loans and Receivables	15,742,654	-	-	32,872,279	4,818,854	14,234,354	4,769,052	679,337	-	-	-	33,563	-	1,647,802	74,797,895
Available-for-Sale Financial Assets															
Equity Securities	-	-	-	-	-	-	-	-	92,859	-	-	-	-	602,350	695,208
Debt Securities	5,847,190	-	-	58,855	50,675	533,945	600,887	-	-	-	-	-	-	276,910	7,368,462
Unit Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	224,106	224,106
Financial Assets at Fair Value															
through Profit or Loss															
Equity Securities	30	-	-	90	81	-	-	-	-	-	-	-	-	686	887
Debt Securities	467,092	-	-	-	-	-	-	-	-	-	-	-	-	-	467,092
Sub Total-Insurance Business	104,504,949	-	-	37,459,501	6,797,916	17,593,984	5,369,939	679,337	92,859	-	-	33,563	-	2,751,854	175,283,902
Financial Instruments-Other Subsidiaries & Ceylinco Insurance PLC															7,006,795
Total															182,290,697

GROUP 31 December 2021	AAA Rs.'000	AA+	AA Rs.'000	AA-	A+	A Rs.'000	A- Rs.'000	BBB+	BBB Rs.'000	BB+ Rs.'000	BB Rs.'000	BBB- Rs.'000	B Rs.'000	Unrated Rs.'000	Total Rs.'000
Financial Instruments															
Held-to-Maturity Financial Assets															
Debt Securities	53,668,149	-	-	5,482,067	2,630,698	2,124,463	-	-	-	-	-	-	-	-	63,905,377
Loans and Receivables	21,163,030	-	175,780	47,750,247	16,579,236	4,116,093	803,693	998,170	290,076	-	-	10,387	5,034	1,031,121	92,922,866
Available-for-Sale Financial Assets															
Equity Securities	-	-	-	-	-	-	-	-	122,051	-	-	-	-	659,039	781,090
Debt Securities	6,124,603	-	-	655,242	105,802	651,516	315,244	-	101,998	-	-	-	52,416	-	8,006,820
Unit Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	276,287	276,287
Financial Assets at Fair Value															
through Profit or Loss															
Equity Securities	39	28	-	84	141	-	-	-	-	-	-	-	-	781	1,073
Sub Total-Insurance Business	80,955,821	28	175,780	53,887,640	19,315,877	6,892,072	1,118,937	998,170	514,124	-	-	10,387	57,449	1,967,228	165,893,513
Financial Instruments-Other Subsidiaries & Ceylinco Insurance PLC															5,887,642
Total															171,781,155

NOTES TO THE FINANCIAL STATEMENTS

44. INSURANCE AND FINANCIAL RISK (CONTD.)

44 (c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial instruments. Even at a catastrophic events liquidity risk of Life insurance segment is low as the cash inflow is greater than cash outflow.

The following policies and procedures are in place to mitigate the Life insurance segment exposure to liquidity risk:

- Assessment and determination of Liquidity risk in order to maintain optimal liquidity mix.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The liquidity risks in General insurance segment is where the Group does not have enough cash/arrangements to meet payments/commitments as they fall due. Following processes/activities are in place to minimise the liquidity risk.

- The regular maintenance of investments in accordance with the IRCSL guidelines.
- The investment committee reviews the liquidity levels and take appropriate actions to improve the liquidity
- Efficient forecasting of future commitments and making investments to meet the pay-outs, mitigate any possible liquidity concerns.

44 (c) i Maturity analysis for Financial Assets and Financial Liabilities

Table below represent the maturity profiles of Financial Assets and Financial Liabilities

44 (c) i Maturity analysis for Financial Assets and Financial Liabilities

Table below represent the maturity profiles of Financial Assets and Financial Liabilities

As at December 2022	Within One Year Rs:'000	After one year not more than to three years Rs:'000	Above Three Years Rs:'000	Total Rs:'000
Financial Assets				
Financial Instrument				
Measured at Fair Value	5,693,265	3,389,592	1,878,657	10,961,515
Measured at Amortized Cost	80,127,510	36,584,801	54,616,872	171,329,182
Reinsurance Receivable	6,571,724	-	-	6,571,724
Insurance Receivable	10,322,856	-	-	10,322,856
Other Assets	3,211,029	-	-	3,211,029
Cash and Cash Equivalents	1,731,412	-	-	1,731,412
Total Financial Assets	107,657,796	39,974,393	56,495,529	204,127,718
Financial Liabilities				
Reinsurance Payable	10,424,719	-	-	10,424,719
Interest Bearing Loans & Borrowings	2,921,669	646,392	-	3,568,061
Other Liabilities (Excluding statutory obligation)	9,397,128	-	-	9,397,128
Total Financial Liabilities	22,743,516	646,392	-	23,389,908
Total Excess Liquidity	84,914,280	39,328,001	56,495,529	180,737,810

As at December 2021	Within One Year Rs.'000	After one year not more than to three years Rs.'000	Above Three Years Rs.'000	Total Rs.'000
Financial Assets				
Financial Instrument				
Measured at Fair Value	8,136,781	2,133,630	632,268	10,902,679
Measured at Amortized Cost	42,044,103	73,923,459	44,910,914	160,878,476
Reinsurance Receivable	6,035,830	-	-	6,035,830
Insurance Receivable	6,829,050	-	-	6,829,050
Other Assets	1,000,257	-	-	1,000,257
Cash and Cash Equivalents	1,507,233	-	-	1,507,233
Total Financial Assets	65,553,254	76,057,089	45,543,182	187,153,525
Financial Liabilities				
Reinsurance Payable	5,911,296	-	-	5,911,296
Interest Bearing and Borrowings	5,955,175	123,702	-	6,078,877
Other Liabilities (Excluding statutory obligation)	8,797,613	-	-	8,797,613
Total Financial Liabilities	20,664,084	123,702		20,787,786
Total Excess Liquidity	44,889,170	75,933,387	45,543,182	166,365,739

44 (d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and equity price risk and commodity prices (price risk).

The investment committee reviews the impact of market risks and corrective actions are suggested regularly.

44 (d) i Currency Risk

The Group has no significant concentration of currency risk.

However, the investments in foreign currency deposits is subject to currency risks. Since the Group makes some payments in foreign currency the impact of risk is minimised. Further the investment in subsidiary in Maldives is exposed to exchange rate risk. (translation risk.)

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rate with, all other variable held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency.

	2022		2021	
	10% Rs.'000	-10% Rs.'000	10% Rs.'000	-10% Rs.'000
Group				
Change in USD rate				
Effect on Profit Before Tax	917,219	(917,219)	391,361	(391,361)
Effect on Pre Tax Equity	917,219	(917,219)	391,361	(391,361)
Company				
Change in USD rate				
Effect on Profit Before Tax	30,198	(30,198)	11,679	(11,679)
Effect on Pre Tax Equity	30,198	(30,198)	11,679	(11,679)

NOTES TO THE FINANCIAL STATEMENTS

44 (d) ii Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The Group's interest risk policy identifies the volatile nature of Sri Lankan interest rate environment. Therefore the Group closely monitors the re-investment calendar of the investment fund and obtains internal and external expert opinion on the behaviour of interest rate environment in taking re-investment decisions. Group maintains mix of short term and long term asset mix and also maintains interest rate sensitive and Inflation rate sensitive asset classes in managing the interest rate risk. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. However, the investments in foreign currency deposits is subject to currency risks. Since the Group makes some payments in foreign currency the impact of risk is minimised. Further the investment in subsidiary in Maldives is exposed to exchange rate risk. (translation risk.)

44 (e) Operational Risks

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Business risks such as changes in environment, technology and the industry are monitored through the strategic management and budgeting process. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

45. CONTINGENCIES AND COMMITMENTS

45 (a) Legal Proceedings and Regulations

- 45 (a) i** One of the Subsidiary, Ceylinco General Insurance Ltd. operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. However, there is a tax appeal relating on VAT on reinsurance recoveries. (Note 18).

In relation to Ceylinco General Insurance Ltd. the Department of Inland Revenue has issued VAT assessments for the taxable period in the years 2003 and 2004 mainly imposing VAT on Reinsurance recoveries and reinsurance discounts. Upon the determination of the Commissioner General of Inland Revenue, holding the position they are chargeable with VAT, Company appealed to the Tax appeals Commission. The Tax appeals commission has given its decision in favour of Inland Revenue. Hence, upon the receipt of the decision of the tax appeals commission, company appealed to the Honourable Court of appeal on the questions of Law. Now the matter is pending before the Honourable court of appeal for their opinion. The amount so assessed by Inland Revenue is Rs. 195.9 Million.

The Dept of Inland Revenue has issued a Notice of Assessment on the Income Tax Return submitted by the Company for the Year of Assessment 2016/17 disputing some exemptions claimed by the company under Inland Revenue Act, No. 10 of 2016. The Company has made an appeal against the said Notice of Assessment. However the Company is of the opinion that such Assessment will not have material impact to the financial position of the Company.

45 (a) ii 1 Assessments on Income Tax

One of the Subsidiaries, Ceylinco Life Insurance Ltd., has received Income Tax Assessments from the Department of Inland Revenue for the years of assessments 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2015/16 (in the name of Ceylinco Insurance PLC) and 2015/16, 2016/17, 2017/18 and 2018/19 (in the name of Ceylinco Life Insurance Ltd.).

For Y/A 2010/11, 2011/12 and 2012/13, The Tax Appeal Commission determined in favour of the Commissioner General of Inland Revenue and therefore, the Company appealed against this Determination to the Court of Appeal in consultation with the Company lawyers. These three cases are fixed for support at Court of Appeal.

For the assessments relating to Y/A 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18, Commissioner General of Inland Revenue has provided his determination against the Company. The Company duly appealed against these determinations of the Commissioner General of Inland Revenue to the Tax Appeal Commission.

Assessments relating to Y/A 2018/19 is at inquiry level at the Commissioner General of Inland Revenue.

All of these Assessments have been issued mainly under Section 92 of the Inland Revenue Act, No. 10 of 2006 and this is a concern of the life insurance industry as a whole. Further, part of the assessment relating 2018/19 have been issued under section 67 of the Inland Revenue Act, No. 24 of 2017 which came to effect on 01/04/2018.

In the view of the Company, the probability of the Company having to settle any of these tax Assessments are highly unlikely due to the fact that the Company has acted in accordance with the requirements under the Inland Revenue Acts.

45 (a) ii 2 Assessments on VAT

Ceylinco Life Insurance Ltd. has received Assessments for year 2017, 2018 and 2019 under the Value Added Tax Act No 14 of 2002 from the Inland Revenue Department with regard to claim ability of input tax. The Company has duly appealed against these Assessments in consultation with the Company's Tax Consultant to the Inland Revenue Department.

In respect of those Assessments, CGIR has agreed on the settlement proposal submitted by the Company. Accordingly, there is no any ongoing assessments relating to VAT at the end of year 2022.

45 (a) ii 3 Assessments on VAT and NBT on Financial Services

Ceylinco Life Insurance Ltd. has received assessments for year 2014 (in the name of Ceylinco Insurance PLC) and 2018 (in the name of Ceylinco Life Insurance Ltd.) on VAT on Financial Services (FS). Further, the Ceylinco Life Insurance Ltd. has received assessments for the year 2016 and 2017 on both VAT and NBT on FS.

All of those assessments were issued under the Value Added Tax Act, No. 14 of 2002 by the Inland Revenue Department.

Assessment relating to year 2014, Commissioner General Inland Revenue has provided his determination against the Company and therefore Company has duly appealed against this Determination to the Tax Appeal Commission. Assessments relating to year 2016, 2017 and 2018 are still at the inquiry level of the Commissioner General of Inland Revenue.

Management believes that, the Company is outside the scope of VAT and NBT on FS as the Company engages in the Life Insurance business and therefore, not liable for VAT or NBT on FS.

The Company's management is of the view of that the probability of materialization of the above assessments are very remote.

45 (a) ii 4 Compliance with IFRIC 23 - Uncertainty over Income Tax Treatments

Ceylinco Life Insurance Limited reviewed its uncertain income tax positions that could have an impact on the financial statements in order to comply with the provisions stipulated in IFRIC 23 interpretation.

Consequently, the management concluded that current accounting treatment for uncertain tax positions is in accordance with IFRIC 23.

45 (b) Capital Expenditure Commitments

The Group has following Capital commitment as at the reporting date.

45 (b) i International College of business and technology has project expenditure commitments for purpose of carrying out the construction of new office building in Nandana Gardens, Colombo 4

As at 31 December	2022 Rs.	2021 Rs.
Commitment under Sub Contractor agreements entered	-	90,500,000
	-	-
	-	90,500,000

NOTES TO THE FINANCIAL STATEMENTS

45 (b) ii The Ceylinco Life Insurance Ltd has committed to pay an amount of Rs. 145,734,228/- (2021- Rs. 155,763,693/-) as at the reporting date under contract entered in to on Capital Expenditure projects.

46. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged Rs.'000	Included under
Building - Company	Mortgaged to Seylan Bank PLC by Golden Key Credit Card Company Limited to obtain loan facility (Note 10)	153,333	Investment Property
Fixed Deposits - Ceylinco General Insurance Ltd.	Pledged to Seylan Bank PLC to obtain bank overdraft facilities.	474,715	Loans & Receivables
Unquoted shares - Company	Mortgaged to Sampath Bank PLC by Energy Generators (Pvt) Ltd to obtain loan facility	60,907	Investment in Associates
Fixed Deposits on American Education centre Limited - CEG Education Holdings Ltd Group	Banking Facility Obtained by American Education centre Limited	333,800	Loans & Receivables
Land Belongs to International College of Business and Technology Limited - CEG Education Holdings Ltd Group	Loan Facilities From Sampath Bank PLC	5,015,824	Property Plant and Equipments
Primary mortgage bond for Rs. 175 Mn over shares from 51,791,064 issued by Cey Hydro Developers, supported by an irrevocable power of attorney from the shareholders in favour of Sampath Bank PLC with no rights of transfer the shares mortgaged to the bank.-Energy Lanka Holding	Pledged to Sampath Bank PLC to obtain team loan facilities (AWPLR+2.5%)	175,000	Investments in Subsidiaries (Unquoted)
Gvt. Treasury Bonds - Ceylinco Investcorp (Private) Limited	REPO Borrowing	1,131,528	FVTOCI Financial Assets

47. RELATED PARTY DISCLOSURES

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) of the Company and their immediate family members have been classified as Key Management Personnel of the Company. In addition, Chief Executive Officer together with their immediate family members have also been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs. As the Ceylinco Insurance PLC (CIPLC) is the ultimate parent of the Company, and the Board of Directors of the CIPLC have the authority and responsibility of planning, directing and controlling the activities of the Company, the Directors of the CIPLC and their immediate family members have also been identified as Key Management Personnel of the Company.

47 (a) Compensation of Key Management Personnel

	GROUP		COMPANY	
	2022 RS.	2021 RS.	2022 RS.	2021 RS.
Short-Term Employee Benefits -Company	159,384,762	148,565,484	159,384,762	148,565,484
Short Term & Long Term Employee Benefits Received from the Subsidiaries	1,121,577,000	791,747,415	-	-
	1,280,961,762	940,312,899	159,384,762	148,565,484

47 (b) Transaction With Related Parties-Subsidiaries

Year ended 31 December	2022 Rs.	2021 Rs.
Dividend Received/ (Paid)	609,272,178	1,410,788,732
	609,272,178	1,410,788,732

47 (c) Transaction With Related Parties-Sub Subsidiaries

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	122,783,120	112,103,136
	122,783,120	112,103,136

47 (d) Transaction With Related Parties -Equity Accounted Investees

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	12,972,581	25,945,162
Purchase of Shares (No of Shares 2,379,654)	-	-
	12,972,581	25,945,162

Transaction With related Parties - Subsidiaries**47 (b) i Ceylinco Investcorp (pvt) Ltd**

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	-	7,425,000
	-	7,425,000

47 (b) ii CEG Education Holding (pvt) Ltd

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	67,823,975	53,199,980
	67,823,975	53,199,980

47 (b) iii Energy Lanka Holdings (Pvt)Ltd.

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	-	67,732,627
	-	67,732,627

47 (b) iv Ceylinco Insurance Company(Pvt) Ltd-Maldives

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	66,258,203	37,246,125
	66,258,203	37,246,125

47 (b) v Ceylinco General Insurance Ltd.

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	475,190,000	462,685,000
	475,190,000	462,685,000

47 (b) vi Ceylinco Life Insurance Ltd.

Year ended 31 December	2022	2021
	Rs.	Rs.
Dividend Received/ (Paid)	787,500,788	782,500,000
	787,500,788	782,500,000

NOTES TO THE FINANCIAL STATEMENTS

Transaction With related Parties - Sub Subsidiaries

47 (c) i American Education Centre Ltd

Year ended 31 December	2022 Rs.	2021 Rs.
Dividend Received/ (Paid)	16,050,000	13,375,000
	16,050,000	13,375,000

47 (c) ii International College of Business & Technologies Ltd.

Year ended 31 December	2022 Rs.	2021 Rs.
Dividend Received/ (Paid)	106,733,120	98,728,136
	106,733,120	98,728,136

Transaction With Related Parties -Equity Accounted Investees

47 (d) i Energy Generators (Pvt)Ltd.

Year ended 31 December	2022 Rs.	2021 Rs.
Dividend Received/ (Paid)	12,972,581	25,945,162
	12,972,581	25,945,162

47 (d) ii Citizen Development Business Finance PLC

Year ended 31 December	2022 Rs.	2021 Rs.
Dividend Received/ (Paid)	8,923,703	17,847,405
	8,923,703	17,847,405

48 EMPLOYEE AND INDUSTRIAL RELATIONS

There were no material issues pertaining to Employees & Industrial relations during the year.

49 DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM SLFRS 9

Group's activities are predominantly connected with Insurance and therefore its permitted by SLFRS 9 temporary exemption to defer SLFRS 9 until adoption of IFRS 17 which is expected to be adopted in 2023.

As at balance sheet date % of insurance related liabilities	96%
As required by SLFRS 9 the minimum % to be eligible for the exemption	90%

50 EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustment to, or disclosure in the Financial Statements.

51 DISCLOSURE GUIDANCE AND OTHER CONSIDERATIONS ON THE RECENT ECONOMIC CONDITIONS AND ITS IMPACT ON THE FINANCIAL STATEMENTS

As at 31st December of 2022, inflation rate was 57.2%. However, it has been decremented up to 50.6% at March month of the 2023. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain/(loss) did not exist as of 31st December 2022.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). With the anticipated gradual relaxation of the monetary policy, the overall interest rate regime is expected to come down from mid 2023. The depletion of foreign reserves has put restrictions on vehicle imports and affected and severe impact on business, as depend heavily on motor insurance. This has broadly disclosed under the other information.

The Group has taken the measures to ensure it continues its operations as a going concern. The Group specific impact and the actions initiated to manage the impact of above fluctuations discussed in the Note 44 (d) of Market Risk disclosure. The management of the entity continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements

QUARTERLY ANALYSIS 2022

Consolidated Statement of Income	1st quarter Jan- Mar.22	2nd quarter Apr- Jun.22	3rd quarter Jul- Sep.22	4th quarter Oct- Dec.22	Total Jan- Dec.22
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Written Premiums	14,591,323	14,168,400	13,858,119	15,621,819	58,239,661
Premiums Ceded to Reinsurers	(2,989,665)	(3,711,498)	(3,685,645)	(4,483,314)	(14,870,122)
Net Written Premiums	11,601,658	10,456,902	10,172,474	11,138,505	43,369,539
Net change in Reserve for Unearned Premium	(953,494)	388,992	41,256	628,619	105,373
Net Earned Premium	10,648,164	10,845,894	10,213,730	11,767,124	43,474,912
Revenue from Subsidiaries	1,068,806	1,058,772	1,111,386	1,105,341	4,344,305
	11,716,970	11,904,666	11,325,116	12,872,465	47,819,217
Investment and Other Income	4,606,888	5,143,423	7,563,668	11,887,077	29,201,056
Net Income	16,323,858	17,048,089	18,888,784	24,759,542	77,020,273
Net Benefits and Claims	(5,519,031)	(5,781,462)	(6,722,521)	(8,815,987)	(26,839,001)
Increase in Life Insurance Fund	(4,036,537)	(4,331,915)	(742,805)	(4,264,700)	(13,375,957)
Acquisition Cost	(1,165,677)	(1,113,950)	(1,100,046)	(1,177,456)	(4,557,129)
Cost of sales of Subsidiaries	(241,818)	(258,557)	(302,159)	(364,577)	(1,167,111)
Other Operating and Administrative Expenses	(3,155,744)	(3,186,317)	(3,151,196)	(3,077,776)	(12,571,033)
Impairment Provision				(2,782,117)	(2,782,117)
Finance Cost	(104,678)	(96,441)	(47,642)	(141,164)	(389,925)
Total Benefits, Claims and Other Expenses	(14,223,485)	(14,768,642)	(12,066,369)	(17,841,660)	(61,682,273)
Profit Before Share of Associates	2,100,373	2,279,447	6,822,415	6,917,882	15,338,000
Share of Profit of Associates	409,561	212,370	21,317	299,758	943,006
Profit Before Tax	2,509,934	2,491,817	6,843,732	7,217,640	16,281,006
Income Tax Expense	(497,570)	(617,900)	(1,210,336)	(699,309)	(3,025,115)
Profit For the Year	2,012,364	1,873,917	5,633,396	6,518,331	13,255,891

Company Statement of Income	1st quarter Jan- Mar.22	2nd quarter Apr- Jun.22	3rd quarter Jul- Sep.22	4th quarter Oct- Dec.22	Total Jan- Dec.22
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Written Premiums	-	-	-	-	-
Premiums Ceded to Reinsurers	-	-	-	-	-
Net Written Premiums	-	-	-	-	-
Net change in Reserve for Unearned Premium	-	-	-	-	-
Net Earned Premium	-	-	-	-	-
Investment and Other Income	130,737	1,326,544	87,115	343,695	1,888,091
Net Income	130,737	1,326,544	87,115	343,695	1,888,091
Net Benefits and Claims	-	-	-	-	-
Increase in Life Insurance Fund	-	-	-	-	-
Acquisition Cost	-	-	-	-	-
Other Operating and Administrative Expenses	(48,938)	(50,771)	(50,515)	(51,563)	(201,787)
Impairment Provision				(23,588)	(23,588)
Finance Cost	(5)	(15)	(331)	(828)	(1,179)
Total Benefits, Claims and Other Expenses	(48,943)	(50,786)	(50,846)	(52,391)	(226,554)
Profit Before Tax	81,794	1,275,758	36,269	291,304	1,661,537
Income Tax Expense	(4,316)	(188,420)	(10,282)	(2,573)	(205,591)
Profit for the Year	77,478	1,087,338	25,987	288,731	1,455,946

Note: The financial information reported quarterwise is reflected above for three quarters and based on audited financial statements fourth quarter is shown.

QUARTERLY ANALYSIS 2021

Consolidated Statement of Income	1st quarter Jan- Mar.21	2nd quarter Apr- Jun.21	3rd quarter Jul- Sep.21	4th quarter Oct- Dec.21	Total Jan- Dec.21
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Written Premiums	11,954,664	10,407,332	11,091,298	14,428,246	47,881,540
Premiums Ceded to Reinsurers	(2,549,715)	(1,823,945)	(2,079,584)	(3,012,498)	(9,465,742)
Net Written Premiums	9,404,949	8,583,387	9,011,714	11,415,748	38,415,798
Net change in Reserve for Unearned Premium	(554,641)	578,482	(292,679)	436,599	167,761
Net Earned Premium	8,850,308	9,161,869	8,719,035	11,852,347	38,583,559
Revenue from non-insurance subsidiaries	1,020,718	977,082	851,406	1,003,221	3,852,427
	9,871,026	10,138,951	9,570,441	12,855,568	42,435,986
Investment and Other Income	4,124,742	4,169,488	4,496,218	5,386,958	18,177,406
Net Income	13,995,768	14,308,439	14,066,659	18,242,526	60,613,392
Net Benefits and Claims	(4,686,731)	(4,787,273)	(5,015,658)	(5,405,020)	(19,894,682)
Increase in Life Insurance Fund	(3,011,010)	(3,295,489)	(2,726,888)	(2,770,598)	(11,803,985)
Acquisition Cost	(1,136,726)	(1,052,055)	(1,070,421)	(1,192,920)	(4,452,122)
Cost of sales of non-insurance subsidiaries	(215,765)	(204,642)	(235,637)	(206,500)	(862,544)
Other Operating and Administrative Expenses	(2,922,152)	(2,923,320)	(2,986,445)	(3,200,039)	(12,031,956)
Finance Cost	(42,613)	(38,437)	(87,162)	(81,327)	(249,539)
Total Benefits, Claims and Other Expenses	(12,014,997)	(12,301,216)	(12,122,211)	(12,856,404)	(49,294,828)
Profit Before Share of Associates	1,980,771	2,007,223	1,944,448	5,386,122	11,318,564
Share of Profit of Associates	359,771	180,667	173,920	590,410	1,304,768
Profit Before Tax	2,340,542	2,187,890	2,118,368	5,976,532	12,623,332
Income Tax Expense	(524,207)	(548,124)	(210,565)	(1,279,787)	(2,562,683)
Profit For the Year	1,816,335	1,639,766	1,907,803	4,696,745	10,060,649

Company Statement of Income	1st quarter Jan- Mar.21	2nd quarter Apr- Jun.21	3rd quarter Jul- Sep.21	4th quarter Oct- Dec.21	Total Jan- Dec.21
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Written Premiums	-	-	-	-	-
Premiums Ceded to Reinsurers	-	-	-	-	-
Net Written Premiums	-	-	-	-	-
Net change in Reserve for Unearned Premium	-	-	-	-	-
Net Earned Premium	-	-	-	-	-
Investment and Other Income	94,439	1,262,213	32,236	246,010	1,634,898
Net Income	94,439	1,262,213	32,236	246,010	1,634,898
Net Benefits and Claims	-	-	-	-	-
Increase in Life Insurance Fund	-	-	-	-	-
Acquisition Cost	-	-	-	-	-
Other Operating and Administrative Expenses	(37,690)	(42,462)	(47,444)	(46,755)	(174,351)
Finance Cost	-	(35)	(95)	(1,157)	(1,287)
Total Benefits, Claims and Other Expenses	(37,690)	(42,497)	(47,539)	(47,912)	(175,638)
Profit Before Tax	56,749	1,219,716	(15,303)	198,098	1,459,260
Income Tax Expense	(5,922)	(103,616)	(18,830)	(57,749)	(186,117)
Profit for the Year	50,827	1,116,100	(34,133)	140,349	1,273,143

Note: The financial information reported quarterwise is reflected above for three quarters and based on audited financial statements fourth quarter is shown.

TEN YEAR SUMMARY

Statement of Financial Position

Statement of Financial Position Group	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000
Assets										
Intangible Assets	367,179	319,879	388,710	398,227	116,208	165,621	136,861	89,005	45,170	46,731
Property, Plant and Equipment	28,448,031	22,943,260	21,998,187	22,076,319	18,926,835	17,546,527	17,546,496	11,988,889	9,889,427	9,350,410
Investments	194,464,820	181,129,789	154,616,448	134,973,999	120,240,010	107,801,759	97,387,970	78,066,663	66,832,062	59,820,194
Other Assets	38,400,226	27,945,437	24,136,418	22,451,495	21,649,406	19,030,420	17,243,197	18,020,477	19,313,528	18,206,848
Total Assets	261,680,256	232,338,365	201,139,763	179,900,040	160,932,459	144,544,327	132,314,524	108,165,034	96,080,187	87,424,183
Equity and Liabilities										
Issued Share Capital	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822	1,324,822
Retained Earnings	66,713,406	57,898,521	48,633,350	41,501,562	35,174,468	26,623,524	19,630,683	16,185,402	13,739,147	11,800,609
Retained Reserves	2,336,611	2,897,854	2,980,010	2,338,439	2,477,581	2,974,246	2,703,501	2,560,652	2,892,787	2,602,521
Revaluation Reserve	4,789,378	4,608,433	4,704,195	4,434,995	3,325,935	3,365,706	3,411,509	2,141,754	2,126,854	2,120,849
Restricted Regulatory Reserve	3,456,184	3,456,184	3,456,184	3,456,184	3,456,184	3,456,184	-	-	-	-
Total Capital and Reserve	78,620,401	70,185,814	61,098,561	53,056,002	45,758,990	37,744,482	27,070,515	22,212,630	20,083,610	17,848,801
Minority Interest	3,274,900	2,544,124	2,323,015	2,324,107	1,890,031	1,658,418	1,551,468	860,378	762,469	550,728
Liabilities										
Insurance Provision - Life	134,031,487	118,780,428	105,883,025	95,349,737	87,194,850	80,869,407	77,070,762	67,157,184	60,021,879	52,765,411
Unit Linked Fund	663,337	686,266	657,389	582,925	519,695	427,146	333,129	268,062	228,873	190,452
Insurance Provision - Non- Life	15,573,919	15,227,333	13,033,217	12,470,431	12,353,210	11,887,150	11,660,029	9,576,722	9,259,497	8,392,748
Other Liabilities	29,576,216	24,914,400	18,144,556	16,116,838	13,215,683	11,957,724	13,078,621	8,090,057	5,723,859	7,676,044
Total Liabilities	179,784,955	159,608,427	137,718,187	124,519,931	113,283,438	105,141,427	102,142,541	85,092,025	75,234,108	69,024,655
Total Equity and Liabilities	261,680,256	232,338,365	201,139,763	179,900,040	160,932,459	144,544,327	130,764,524	108,165,034	96,080,187	87,424,183

TEN YEAR SUMMARY

Statement of Financial Position Group	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000
Long Term - Supplemental Assets										
Intangible Assets	317,695	-	362,838	349,627	37,358	56,950	2,759	645	2,198	4,609
Property, Plant and Equipment	12,031,022	9,343,481	9,280,573	9,401,315	7,567,806	7,371,482	7,068,634	5,343,752	4,760,395	4,596,053
Investments	165,906,315	117,580,700	133,707,835	116,918,311	103,744,946	92,264,056	84,220,630	67,139,575	57,209,653	50,751,773
Other Assets	13,276,908	4,101,192	7,450,140	6,542,149	6,709,280	6,402,007	5,166,066	7,751,193	9,096,076	8,593,577
Total Assets	191,531,940	131,025,373	150,801,386	133,211,402	118,059,390	106,094,495	96,458,089	80,235,165	71,068,323	63,946,012
Liabilities										
Insurance Provision - Life	134,885,839	119,634,780	106,737,377	96,204,089	88,049,202	81,723,759	77,925,114	68,011,535	60,021,879	52,765,411
Unit linked Fund and Other Funds	663,337	686,266	657,389	582,925	519,695	427,146	33,129	268,062	228,872	190,135
Equity and Other Liabilities	55,982,764	10,704,327	43,406,620	36,424,389	29,490,493	23,943,590	18,199,846	11,955,568	10,817,572	10,990,466
Total Liabilities	191,531,940	131,025,373	150,801,386	133,211,403	118,059,390	106,094,495	96,458,089	80,235,165	71,068,323	63,946,012
Investor Information										
Return on Net Assets %	20.71	17.99	19.50	20.83	24.18	24.36	21.43	18.45	19.76	17.26
Net Assets Per Share - Group Rs.	2976.41	2,657.10	2,313.07	2,008.60	1,732.34	1,428.90	1,024.83	840.93	760.33	675.72
Net Assets Per Share - Company Rs.	682.76	668.30	652.39	679.19	666.32	653.09	639.98	622.99	671.02	601.35
Market Price Per Share 31st December										
Voting Rs.	2,249.50	2,249.75	1,997.80	1,986.90	1,990.00	1,597.00	1,490.00	1,410.10	1,379.00	1,340.00
Non-Voting Rs.	1,026.75	1,197.00	1,021.80	840.00	950.00	825.10	730.00	800.00	550.00	398.00
Earnings Per Share Rs.	478.66	368.58	351.18	323.45	317.76	306.21	176.00	132.32	96.46	98.78
Price Earnings (times) - Voting Rs.	4.70	6.10	5.69	6.14	6.26	5.22	8.47	10.66	14.00	13.00
Price Earnings (times) - Non Voting	2.10	3.25	2.91	2.60	2.99	2.69	4.15	6.05	5.00	4.00
Market Capitalisation Rs. Mn	51,575.07	52,673	46,510	45,126	45,894	37,233	34,483	33,334	31,103	29,358
Dividend Per Share - Proposed Rs.	45	42	40.00	38.00	35.00	31.50	27.50	22.50	20.00	16.00
Employee Information										
Revenue Per Employee Rs. Mn	20,446	15,777	14,881	15,13	12,71	11,94	11,23	14,45	9,10	9,30
Net Profit Per Employee Rs.'000	4,322.00	3,285.61	3,169.90	3,182.95	2,845.15	3,403.64	1,635.75	1,708.41	1,116.00	947.00
Number of Employees Nos.	3,767	3,842	3,758	3,472	3,889	3,717	3,546	3,336	3,556	3,253

Note: Financial information for the years 2013 to 2022 are based on LKAS/SLFRS.

* Net benefits and claims of financial year 2017 is shown with the change in contract liabilities due to transfer of one - off surplus.

Statement of Comprehensive Income

Year ended 31 December Group	2022 Rs:000	2021 Rs:000	2020 Rs:000	2019 Rs:000	2018 Rs:000	2017 Rs:000	2016 Rs:000	2015 Rs:000	2014 Rs:000	2013 Rs:000
Non- Life (Sri Lanka)										
Gross Written Premium	24,351,536	20,206,104	20,094,192	19,802,995	19,186,707	17,976,991	16,116,889	13,557,833	12,164,864	11,568,284
Net Earned Premium	14,671,926	13,253,522	13,555,494	14,386,415	14,192,538	13,209,435	11,783,117	10,152,931	9,359,977	8,842,712
Investment Income and Other Income	6,606,138	1,745,143	1,367,114	1,605,967	1,686,768	1,509,953	1,099,638	888,870	1,022,541	1,009,183
Net Claims	(7,830,283)	(7,063,541)	(6,635,199)	(8,253,594)	(7,523,261)	(7,371,429)	(6,699,268)	(5,690,518)	(5,259,911)	(4,641,733)
Acquisition Expenses (Net of Reinsurance Commission)	(1,249,064)	(1,169,605)	(1,221,200)	(1,112,842)	(1,034,245)	(1,123,388)	(883,178)	(726,892)	(570,376)	(724,493)
Operating & Administrative Expenses	(5,469,259)	(4,966,757)	(5,150,081)	(4,800,854)	(4,933,854)	(4,474,776)	(3,856,112)	(3,653,431)	(3,684,496)	(3,505,144)
Impairment Provision	(2,758,529)									
Operating Profit Before Interest Expenses	3,970,929	1,798,762	1,916,128	1,825,092	2,387,946	1,749,795	1,444,197	970,960	867,735	980,525
Life										
Gross Written Premium	29,160,164	25,565,050	22,076,250	18,718,553	17,812,774	15,765,484	15,027,600	13,456,827	12,002,524	11,122,906
Net Written Premium	28,687,967	25,256,551	21,570,787	18,168,431	17,355,265	15,343,267	14,653,771	13,146,772	11,715,219	10,866,904
Investment Income and Other Income	19,865,261	14,931,254	14,781,176	13,214,619	11,254,983	10,153,418	8,660,289	6,650,585	6,735,305	6,617,979
Net Claims and Benefit	(18,969,267)	(12,736,308)	(12,266,513)	(10,604,065)	(9,803,550)	(3,230,796)	(6,651,682)	(5,956,744)	(4,893,847)	(4,757,321)
Commission (Net of Reinsurance commission)	(1,891,337)	(2,171,869)	(1,992,619)	(1,784,857)	(1,787,203)	(1,655,350)	(1,573,586)	(1,519,801)	(1,299,135)	(1,265,544)
Increase in Life Insurance Fund	(13,375,957)	(11,803,985)	(9,423,994)	(7,189,811)	(6,457,292)	(7,258,502)	(8,397,889)	(7,135,304)	(7,256,468)	(7,654,622)
Operating & Administrative Expenses	(4,300,707)	(4,836,630)	(3,823,330)	(3,550,209)	(3,384,487)	(3,532,496)	(2,937,262)	(2,994,098)	(2,673,584)	(2,517,219)
Operating Profit Before Interest Expenses	10,015,960	8,639,013	8,845,507	8,254,108	7,177,716	9,819,541	3,753,641	2,191,410	2,327,490	1,290,177
Total Business (Group)										
Gross Written Premium	58,239,661	47,881,540	43,896,576	40,217,891	38,161,544	34,662,431	31,818,590	27,984,159	25,222,854	23,691,376
Revenue	77,020,273	60,613,392	55,924,487	52,539,868	49,425,436	44,388,628	39,824,723	34,670,693	32,262,950	30,396,748
Net Earned Premium	43,474,912	38,583,559	35,208,695	32,672,321	31,689,100	28,651,040	26,551,980	23,486,332	21,301,922	19,899,630
Benefit Losses and Expenses	(41,382,070)	(32,561,211)	(29,270,312)	(27,229,416)	(24,770,538)	(18,728,842)	(22,503,122)	(19,560,433)	(18,091,004)	(17,704,318)
Other Revenue	33,545,361	22,029,833	20,715,792	19,867,547	17,736,336	15,737,588	13,272,743	11,184,361	10,962,028	10,497,118
Operating and Administrative Expenses	(17,128,162)	(16,484,078)	(15,396,692)	(14,464,635)	(14,065,610)	(13,248,750)	(11,665,905)	(11,163,293)	(10,187,694)	(9,627,485)
Impairment Provision	(2,782,117)									
Operating Profit Before Interest Expenses	15,727,924	11,568,103	11,257,483	10,845,817	10,589,288	12,411,036	5,655,696	3,946,967	3,985,252	3,064,945
Interest Expenses	(389,925)	(249,539)	(273,088)	(288,606)	(170,888)	(153,112)	(143,853)	(124,218)	(167,890)	(127,116)
Income from Associates	943,006	1,304,768	928,097	493,980	646,371	393,414	288,518	275,724	150,917	143,421
Profit Before Taxation	16,281,005	12,623,332	11,912,492	11,051,191	11,064,771	12,651,338	5,800,361	4,098,473	3,968,279	3,081,250
Income Tax Expenses	(3,025,115)	(2,562,683)	(2,534,488)	(2,268,103)	(2,399,319)	(868,751)	(953,741)	(448,257)	(1,118,602)	(211,590)
Profit for the Year	13,255,890	10,060,649	9,378,004	8,783,088	8,665,452	11,782,587	4,846,618	3,650,216	2,849,677	2,869,660

Note: Financial information for the years 2013 to 2022 are based on LKAS/SLFRS.

GLOSSARY OF FINANCIAL & INSURANCE TERMS

1. ACQUISITION EXPENSES

All expenses which vary with and are primarily related to the acquisition of new insurance contracts and the renewal of existing insurance contracts.

2. ACTUARY

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

3. ADMISSIBLE ASSETS

Assets that are included in determining an insurer's statutory solvency margin, specified under the rules made by the Insurance Regulatory Commission of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000.

4. CLAIMS

The amount payable under a contract of insurance arising from occurrence of an insured event such as destruction or damage of property and related death or injuries, the incurring of hospital or medical bills, death or disability of the insured.

5. CLAIMS INCURRED

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.

6. CLAIMS INCURRED BUT NOT REPORTED (IBNR)

A Reserve to cover the expected cost of losses that have occurred by the Balance Sheet date but have not yet been reported to the insurer.

7. COMMISSION

Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.

8. DEFERRED ACQUISITION EXPENSES / DEFERRED ACQUISITION EXPENSE RESERVE

Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.

9. EARNED PREMIUM

Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.

10. EARNINGS PER SHARE

Net Profits of the Company after tax divided by the Number of Ordinary shares in issue.

11. GROSS CLAIMS RESERVE

The amount provided, including claims incurred but not reported and claims handling expenses, to cover the estimated ultimate cost, arising out of events occurred by the end of the accounting period, less amounts already paid in respect of those claims.

12. GROSS WRITTEN PREMIUM

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

13. INSURANCE

Insurance is a contract whereby one party the insurer, in return for a consideration i.e, the premium, undertakes to pay to the other party - the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

14. INSURANCE PROVISION

This comprises of the gross claims reserve unearned premium reserve net of re-insurance and the deferred acquisition expenses

15. NET COMBINED RATIO

This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio.

16. NET EARNED PREMIUM

Gross Written Premium adjusted for the reinsurance incurred and for the increase or decrease in Unearned Premium.

17. NET EXPENSE RATIO

A formula used by insurance companies to relate acquisition and other operating and administrative expenses to net earned premium.

Formula :

$$\frac{\text{Acquisition and other operating and administrative expenses}}{\text{Net Earned Premium}}$$
18. NET LOSS RATIO

A formula used by insurers to relate net claims incurred to net earned premium (i.e. after deducting relevant reinsurance)

Formula:

$$\frac{\text{Net claims incurred}}{\text{Net earned Premium}}$$
19. NET ASSETS PER SHARE

Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.

20. NET WRITTEN PREMIUM

Gross Written Premium less reinsurance premium

21. NET CLAIMS INCURRED

Claims incurred less reinsurance recoveries.

22. NON LIFE INSURANCE

Non Life Insurance and General Insurance have the identical meaning.

23. POLICY

The printed document issued to the policyholder by the Company stating the terms of the insurance contract.

24. PREMIUM

The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.

25. REINSURANCE

A method of insurance arranged by insurers to share the exposure of risks accepted.

26. REINSURANCE COMMISSION

Commission received or receivable in respect of premium paid or payable to a reinsurer.

27. REINSURANCE PREMIUM

The premium payable to the reinsurer.

28. RETURN ON SHAREHOLDERS' EQUITY

Profits after tax divided by the Capital employed as at Balance Sheet date.

29. RETURN ON TOTAL ASSETS

Profits after Tax divided by Total assets attributable to Shareholders.

30. RISK BASED CAPITAL (RBC)

An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.

31. UNDERWRITING RESULT

This is the profit generated purely from the Non life Insurance business without taking into account the investment income and other non- technical income and expenses.

32. UNEARNED PREMIUM / UNEARNED PREMIUM RESERVE

It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.

NOTICE OF MEETING

Notice is hereby given that the Thirty Sixth Annual General Meeting of the Shareholders of the Company will be held on 26th May 2023 at 10.30 a.m. as a virtual meeting emanating from the Auditorium - Level 7, ICBT Building, No. 36, De Krester Place, Bambalapitiya, Colombo 04 and the business to be brought before the meeting will be:

1. To read the Notice convening the Meeting.
2. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st. December, 2022 and the Report of the Auditors thereon.
3. To declare a Dividend for the year ended 31st. December, 2022.
4. To re-elect Mr. Kolitha Indrajith Dharmawardena, who retires by rotation at the Annual General Meeting in terms of Article 95, as a Director.
5. To re-elect Mr. Saroja Hemakumar Jayawickrema Weerasuriya who retires by rotation at the Annual General Meeting in terms of Article 95, as a Director.
6. To re-elect Mr. Upali Witharana who retires by rotation at the Annual General Meeting, in terms of Article 95, as a Director.
7. To re-elect Mr. Namasivayam Vasantha Kumar who retires by rotation at the Annual General Meeting, in terms of Article 95, as a Director.
8. To re-elect Mr. Takashi Kishi who was appointed to the Board in terms of Article 87, as a Director.
9. To re-elect Mr. Don Herschel Jayaprithi Gunawardena, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution:

"Resolved that Mr. Don Herschel Jayaprithi Gunawardena who will be 74 years in December, 2023 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Don Herschel Jayaprithi Gunawardena"
10. To re-elect Mr. Nugent Duncan Nugawela, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution:

Resolved that Mr. Nugent Duncan Nugawela who will be 71 years in December, 2023 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Nugent Duncan Nugawela.

11. To re-elect Mr. Rajkumar Renganathan, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution:

Resolved that Mr. Rajkumar Renganathan who will be 70 years in December, 2023 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Rajkumar Renganathan.

12. To authorise the Directors to determine payments for charitable purposes for the year 2023.
13. To re-appoint Auditors and authorise the Board of Directors to determine their remuneration.
14. To transact any other business of which due notice shall be given.

By Order of the Board of Ceylinco Insurance PLC



Mrs. Nilika Abhayawardhana
Company Secretary

4th April 2023

Note :

Any shareholder unable to attend the Meeting may appoint another to attend and vote for him and such proxy need not be a shareholder of the Company.

The completed Form of Proxy should be deposited at the Head Office of the Company, "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1, before 10.30 a.m. on 24th May 2023. A Proxy drop box is also available at Ground floor of the Ceylinco House.

