

OPERATIONAL REVIEW

According to the Chairman and Managing Director's perspective that 2025 brought normalised economic and social performance, the effects of those on our financial performance are detailed in the following section. Accordingly, below section focuses mainly on income statement analysis, while the analysis of our financial position is discussed under financial capital on page 130.

BASIS OF REVIEW

SLI acquired Allianz Life Insurance Lanka Limited on 11th July 2025, and the current year financial statements have been prepared on a consolidated basis, incorporating six months of the subsidiary's performance. To ensure clarity, company performance is discussed against set targets, while subsidiary performance is addressed only for material line items. Below table summarises reporting format we used under each key topic.

Topic	Company / Parent performance	Subsidiary performance	Group performance
Gross Written Premium	●	●	●
Reinsurance	●		
Net insurance benefits and Claims paid	●	●	●
Underwriting and net acquisition cost	●		
Other operating and administration expenses	●	●	●
Total other revenue	●		
Profit before tax	●		
Profit after tax	●	●	●
Underwriting results (operating profit / gross profit)	●		

● Reported

GROSS WRITTEN PREMIUM (GWP)

- Double the GWP (Group) within just four years (Rs 20 billion in 2021 to Rs 40 billion in 2025)
- Group 10 year CAGR 26% vs 16% of industry

Table 3: Gross written premium

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Renewal premium	19,942	18,984	16,006	25%	17%
Single premium	3,778	3,633	1,394	171%	161%
First year premium	8,602	8,022	6,541	32%	23%
Group life premium	7,753	7,692	7,633	2%	1%
Total gross written premium	40,075	38,331	31,573	27%	21%

During the year, the Company (SLI) achieved a Gross Written Premium (GWP) of Rs 38.3 billion, representing a 21.4% increase compared to Rs 31.6 billion in the previous year. On group basis SLI achieved Rs 40 billion in GWP recording a growth of 27% for the year 2025.

Table 4 : GWP growth target vs actual

Rs. Mn	2025 Actual	2025 Target	A%	2024 Actual	G%
GWP growth %	21.4	20.0	107%	19.9	-
GWP (Rs billion)	38.3	39.0	98%	31.6	21.4

CHANNEL PERFORMANCE

The agency channel, which is the biggest contributor to gross written premiums (GWP), accounted for 61%, exceeding the target mix. Non-agency channels contributed 39% of GWP, falling short of the target mix due to management's decision not to accept loss-making corporate health portfolios.

Table 5 : Channel contribution target vs actual

Rs. Mn	2025 Actual	2025 Target	Change % to budget	2024 Actual	Change % to 2024
GWP contribution by Agency channel	61%	57%	4%	62%	-1%
GWP contribution by non-Agency channels	39%	43%	-4%	38%	1%

Softlogic Life has continued to reduce its reliance on the Agency channel as part of its risk mitigation strategy to avoid dependence on a single distribution channel. In 2025, we further decreased the Agency channel mix by 1%, resulting in a total reduction of 39% over the past ten years.

CHALLENGES IN 2025

Longterm sustainability over short-term target achievement

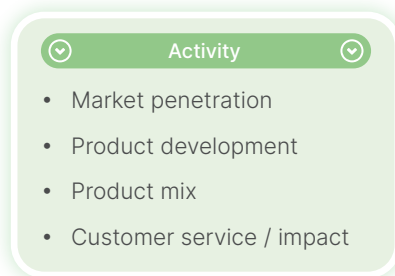
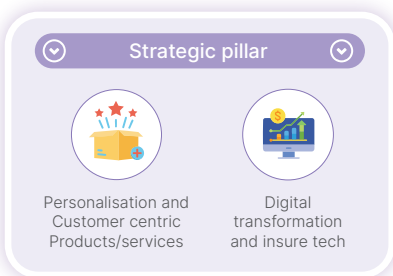
To enhance long-term profitability, Softlogic Life optimized its corporate health portfolio this year. Consequently, management decided to let go of some key clients who contributed significantly to gross written premium (GWP).

Persistent low interest rates in the market

Additionally, persistent low interest rates in the market negatively affected the achievement of the targeted investment proposition.

STRATEGIES IN 2025

Operating within a complex and evolving landscape, we continued to deliver against our strategic agenda with disciplined execution. Consistent with our long-term value creation strategy, Softlogic Life carried out the following key initiatives during the year.



Market penetration

The market penetration strategy focused on expanding our presence by attracting new customers. As a result, we underwrote 192,333 new policies this year a 50% increase compared to 2024. This growth was evident across all three channels, marking a significant improvement over the previous year.

In the Agency channel, first-year premiums grew by 22%, reaching 106% of the target, while renewal premiums rose by 17% to Rs 19 billion and 103% of the target, representing the industry's highest renewal base. These results also indicate strong customer retention through regular policy payments.

Alternate channel grew 25% year over year, with the DTAP portfolio seeing a 171% increase and contributing an additional Rs 2 billion GWP. Bancassurance partnerships and unit linked portfolios rose by 34% and 118%, respectively, highlighting market growth opportunities. The Group life portfolio declined by 4% due to optimisation efforts. Micro channel grew by 35% expanding our protection to low income customer segment.

Product development

Toward the end of last year, a new product was introduced to address the needs of a middle income market segment. This product drove ANBP's growth up to 25% over 2024 and surpassed the annual target.

Product Mix

As a result of the aforementioned factors, the agency channel's product mix shifted by 7% towards Universal Life products. This represents a 4% change in the Universal Life mix compared to the previous year. The alternate channel product mix saw a 6% increase in DTAP compared to the budget, while Group Life's contribution dropped by 4% and investment products declined by 2%. Contributions from all other products remained nearly unchanged from the previous year. The

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SME insurance portfolio under the micro channel has regained its contribution, offsetting losses of contribution experienced in investment products.

Customer service / impact

This year, we improved customer experience by speeding up claims processing with AI. In 2025, less complex claims were settled instantly as a pilot and will be expanded gradually. We measured SLI's impact on customers through faster settlements and comprehensive coverage, resulting in 5,000 DALY averted in our portfolio.

KEY VALUE DRIVERS

At SLI, we track several Key Value Drivers (KVDs) to consistently assess our performance. Each of these KVDs is essential in shaping our company's major decisions and ensures sustainability of the operation.

Table 6: Key value drivers related to GWP

Rs. Mn	Measure	2025 Actual	2025 Target	A%	2024 Actual	G%
ANBP growth	%	25	25	100%	8	-
ANBP per agent	Mn	2.2	2.3	96%	2.1	5%
Average premium per policy	Rs	204,538	<200,000	102%	195,062	5%
Persistency						
Year 1	%	86	83	104%	83	3%
Year 2	%	66	61	108%	61	5%
Year 3	%	54	53	102%	51	3%

Annualised New Business Premium (ANBP)

ANBP, which tracks new business generated over a 12-month period, experienced robust growth of 25%, a notable increase from the 8% achieved in the previous year. The corrective measures implemented last year yielded positive outcomes during 2025, further contributing to favourable social and economic conditions. Additionally, the introduction of a new product has played a significant role in supporting this impressive growth.

Average ANBP per agent

Enhancing agent productivity is a critical component of the organic growth strategy for a life insurance business. Over the past year, agent productivity has risen by 5%, demonstrating the effectiveness of initiatives aimed at driving new business and elevating the quality of the agency force. We expect further improvement during 2026.

Average Premium Per Policy/ Average Policy Value

These results reflect the high quality of the business we underwrite. Over the past year, we exceeded our target and achieved a 5% increase in per policy value compared to the previous year.

Persistency

We experienced increase in persistency across all years showcasing the impact of measures we took last year to improve persistency level along with socio-economic positive movement experienced during the year.

Table 7: Digital engagement with customers

Rs. Mn	Measure	2025 Actual	2025 Target	A%	2024 Actual	G%
Digital proposal submission	%	100	100	100%	100	-
One-day proposal acceptance	%	76	78	97%	78	-3%
Auto underwriting of policy	%	68	70	90%	70	-3%

Digital transformation is a key strategic pillar of SLI, setting us apart from traditional life insurance companies. Our primary objective is to provide prompt service and maximum convenience to our customers. Both one-day proposal acceptance rates and auto underwriting percentages have declined compared to the previous year. This decrease is largely attributable to the incorporation of FIU requirements into auto underwriting rules, as well as the introduction of a new product that has a higher early-stage failure rate due to incomplete documentation. We anticipate that these metrics will return to normal levels by 2026 as user awareness grows and experience increases.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

The newly acquired subsidiary demonstrated strong performance following its acquisition, achieving a 26% growth rate during the second half of the year.

This success was attributed to prompt strategic actions implemented by the parent company, which included enhanced compensation measures and a robust monitoring system. The growth was driven by a 54% increase in first-year premiums and a 21% rise in renewal premiums.

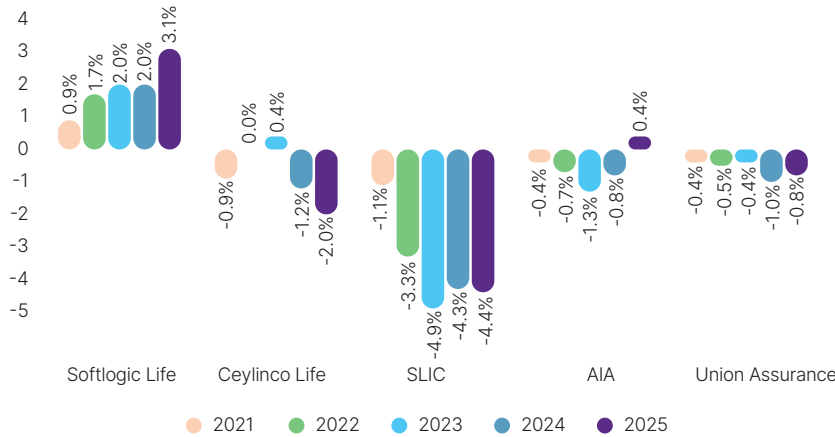
Table 8: Subsidiary performance

Rs Mn	1H			2H		
	2025	2024	G%	2025	2024	G%
GWP	1,623	1,367	19%	1,744	1,382	26%

OUR PERFORMANCE IN COMPARISON TO INDUSTRY

As of 31 December 2025, the Group held an 18.4% market share, reflecting a 1.1% increase over the year. Over the past five years, the Group has consistently outperformed major competitors, gaining 3.1% market share, while other competitors have either maintained or lost their market share. The graph below illustrates the Group's performance in comparison to key competitors. We maintain our status as the second largest life insurer in Sri Lanka, with a substantial Gross Written Premium (GWP) gap of Rs 9 billion to third largest life insurer.

CUMULATIVE MARKET SHARE MOVEMENT OF TOP FIVE PLAYERS IN THE INDUSTRY (2021-2025)

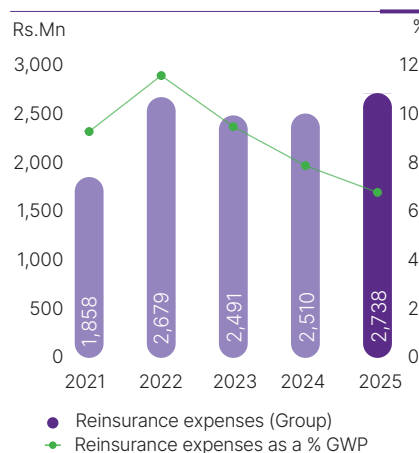


RE-INSURANCE (RI)

Reinsurance serves as a fundamental mechanism for managing risk across our insurance portfolio. It is imperative to maintain a balanced level of reinsurance expenditure to ensure sufficient risk protection and support sustainable profitability.

Throughout the year, Softlogic Life paid Rs 2.7 billion in reinsurance premiums, accounting for 7.1% of gross written premiums (GWP), which is a decrease of 0.8% from last year's rate of 7.9%. The net reinsurance cost, after

REINSURANCE EXPENSES



deducting recoveries and commissions, was 4.0%, down from 4.5% in the previous year. This reduction primarily resulted from changes in the product mix, while management continues to use data analytics to optimise costs based on historical trends.

Challenges in 2025

As SLI improves its performance, securing optimal reinsurance (RI) coverage is essential for sufficient protection at a reasonable price. Yet, identifying the best level of reinsurance is challenging due to the expanding and varied portfolio; this demands ongoing review and strategic changes.

Strategies in 2025

Our approach leverages data analytics to evaluate historical performance and determine optimal reinsurance limits. Reinsurance coverage is defined at the product level, with products grouped based on shared attributes. This enables precise adjustments that optimise cost efficiency while maintaining robust risk management and accurate coverage.

Key value drivers

Softlogic Life maintains rigorous oversight of reinsurance expenditure as a proportion of Gross Written Premium (GWP), with performance monitored across Lines of Business (LOB) and individual product classes. This granular evaluation framework strengthens portfolio risk governance by enabling the design of well-structured and economically efficient reinsurance programmes aligned to the underlying risk profile.

Furthermore, comprehensive analysis of reinsurance performance and claims experience informs annual treaty negotiations, supporting disciplined decision-making and securing cost-effective, strategically aligned coverage that safeguards capital while enhancing long-term portfolio resilience.

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Critical success factor

Softlogic Life sustains strong, transparent and long-standing relationships with its panel of reinsurers, ensuring the seamless execution of its underwriting and growth strategies. These partnerships enhance stakeholder confidence, as policyholder obligations are supported not only by financial strength but also by the capacity and expertise of leading global reinsurance institutions.

A collaborative and performance-oriented engagement framework is maintained with reinsurers, including regular review of portfolio experience and profitability metrics. This balanced approach enables us to identify opportunities to enhance customer value, where appropriate, while safeguarding the sustainability and mutual long-term viability of these strategic partnerships.

NET INSURANCE BENEFITS AND CLAIMS

Insurance claims represent one of the most critical moments of truth in the life insurance value chain, as policyholders and beneficiaries rightfully expect fair, transparent and timely settlement during periods of financial vulnerability.

To consistently meet these expectations, the Company continues to strengthen and streamline its end-to-end claims management processes through the adoption of advanced technologies and process automation. Clearly defined internal Key Performance Indicators (KPIs) are embedded within the claims framework to monitor turnaround times, accuracy and service standards on an ongoing basis. This disciplined, performance driven approach enhances operational efficiency while reinforcing trust, customer satisfaction and brand credibility.

Table 9: Net claims and benefit incurred

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Claims					
Death, disability and other riders - Endowment	5,846	5,586	4,867	20%	15%
Death and hospitalisation - Group life	6,117	6,078	4,814	27%	26%
Death - Decreasing Term Assurance (DTA)	1,675	1,674	1,440	16%	16%
Total Gross Regular Claims	13,638	13,338	11,121	23%	20%
Re-Insurance Recovery	(731)	(694)	(744)	-2%	-7%
Net Regular Claims	12,907	12,644	10,377	24%	22%
Benefits					
Policy maturities / surrenders - Investment products	3,572	3,572	2,145	67%	67%
Policy maturities - Endowment	2,105	1,526	1,101	91%	39%
Policy surrenders - Endowment products	813	655	627	30%	4%
Total Benefit Paid	6,489	5,752	3,873	68%	49%
Total Net Insurance Benefit and Claims Paid	19,396	18,396	14,250	36%	29%

During the year under review, Softlogic Life paid gross regular claims amounting to Rs. 13.3 billion, compared to Rs. 11.1 billion in the previous year, reflecting a year-on-year increase of 20%. Gross benefits paid totalled Rs. 5.7 billion, representing a significant growth of 48.5% over 2024. Accordingly, total gross claims and benefits for the year reached Rs. 19.0 billion, marking a 27% increase from Rs. 15.0 billion reported last year.

On a net basis, after reinsurance recoveries, total claims amounted to Rs. 18.3 billion compared to Rs. 14.2 billion in the previous year, reflecting a growth of 29%.

The Group Life portfolio recorded an elevated claims ratio during the year, which materially impacted overall profitability. In response, Management implemented corrective pricing actions at renewal for segments exhibiting higher claims experience. This resulted in the migration of certain key accounts to competitors. However, Management believes these disciplined underwriting and pricing measures are necessary to restore portfolio balance and ensure the long-term sustainability of the Group Life business with an appropriate margin profile.

Excluding the impact of the Group Life portfolio, gross regular claims grew by 15% during the year. Policy maturities and surrenders increased by 48.5%, primarily driven by higher maturities and surrenders within investment-linked policies, reflecting the evolving product mix and policy lifecycle dynamics.

Challenges in 2025

As a leading health insurer in Sri Lanka, sustaining market leadership requires continuous expansion of our health portfolio and customer base. This growth trajectory, while strategically important, presents operational challenges in maintaining consistent service standards amid increasing volumes and evolving customer expectations.

Having set industry benchmarks through pioneering innovations such as one-day claims settlement, we have differentiated ourselves within the market. However, preserving these advanced service standards at scale demands ongoing investment in technology, process optimisation and operational capacity. Maintaining speed, accuracy and service excellence while managing rising demand remains a key strategic priority for Softlogic Life.

Strategies in 2025

To effectively address these challenges, Softlogic Life has positioned digitalisation and automation as core strategic enablers. Our claims transformation journey commenced several years ago, with a structured roadmap focused on enhancing operational efficiency, accuracy and customer experience through technology-led solutions.

Over the period, we introduced a series of innovative initiatives aimed at streamlining the end-to-end claims process, significantly improving turnaround times and service reliability.

Building on this foundation, we further strengthened and refined these capabilities in 2025, embedding greater automation and process integration across the claims value chain. Refer page 184 for our innovations focus on streamlining claim process.

Key value drivers

To ensure superior customer value, we structure our internal operations around the following Key Value Drivers.

Table 10: key value drivers related to claims

Rs. Mn	Measure	2025 Actual	2025 Target	A%	2024 Actual	G%
	One-day claim decisions	92	>80	115%	98	(6%)
	Hospital discharge within one hour	95	>80	119%	93	2%
	Acknowledge customer complains	100	100	100%	100	-

One-day claim decisions

By integrating technology into our claims settlement procedures, we have significantly improved operational efficiency, resulting in 92% of claims payment decisions being made within one day well above our target of 80%. This achievement demonstrates our dedication to innovation and excellence in customer service.

Hospital discharge within one hour

To improve customer convenience, we have streamlined hospital discharge procedures, resulting in a 95% completion rate within one hour in 2025. Although this figure is marginally below our target, we remain committed to ongoing service enhancements.

Acknowledge customer complains

We acknowledge all customer complaints within three working days and deliver timely responses. In 2025, we attained full compliance with this standard, further demonstrating our dedication to customer satisfaction.

Critical success factor

Our success depends on handling claims efficiently and fairly. We use a range of digital solutions such as one day claim settlement and the Life Up app to improve our operations and deliver a better experience for customers. More information can be found on page 184.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

The subsidiary has disbursed Rs 300 million in regular gross claims, contributing to a 2.2% increase in the group claims growth ratio, which now stands at 22.6%. Additionally, it added Rs 737 million to gross benefits, reflecting an increase from 48.5% at the company level to 67.8% at the consolidated level.

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UNDERWRITING AND NET ACQUISITION COST

Underwriting and policy acquisition costs, net of reinsurance commission income, represent expenses incurred in acquiring business. These include commissions and incentives paid to intermediaries, offset by commission income from reinsurers.

Table 11: Underwriting and net acquisition cost

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Underwriting and policy acquisition cost	7,691	7,281	6,149	25.1%	18.4%
Reinsurance commission including profit commission	(452)	(452)	(359)	25.9%	25.9%
Total underwriting and net acquisition cost	7,240	6,830	5,790	25.0%	17.9%

NET ACQUISITION COST



In 2025, policy acquisition costs totalled Rs 7.2 billion, representing an 18.4% increase compared to the prior year. Following the deduction of Rs 452 million in reinsurance commission income, the net acquisition cost amounted to Rs 6.8 billion.

Challenges in 2025

Elevated sales force attrition during the year necessitated the accelerated recruitment of new advisors to sustain a strong and competitive distribution network. While this strategic replenishment was essential to support long-term growth, newly onboarded advisors typically generated lower business volumes during their

initial ramp up period. As a result, production efficiency ratios were temporarily impacted, leading to a higher acquisition cost ratio for the year. Management continues to focus on structured onboarding, training and productivity enhancement initiatives to accelerate advisor maturity and restore cost efficiency over the medium term.

Strategies in 2025

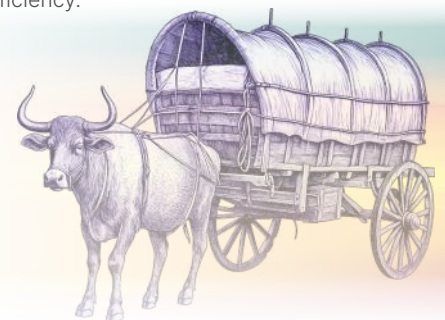
Enhancing the productivity of the existing advisor force remained a key strategic priority during the year. In line with this focus, Softlogic Life implemented a range of targeted initiatives designed to elevate the overall capability and performance of its sales network. These included structured training programmes aimed at deepening product knowledge and sales competencies, one-on-one performance coaching to address individual development needs, and strengthened field management support to ensure advisors received timely guidance and motivation in the field.

Collectively, these efforts contributed to a gradual yet meaningful improvement in advisor productivity compared to the previous year, reflecting the early benefits of a more disciplined and structured approach

to force development. While the full impact of these initiatives is still unfolding, management expects more tangible and sustained results to materialise in 2026, as these programmes gain further traction and the momentum built during the year continues to translate into stronger and more consistent business outcomes.

Key value driver

Softlogic Life closely monitors distribution efficiency through the Acquisition Cost Ratio, which measures acquisition costs as a percentage of Gross Written Premium (GWP). This key performance indicator improved to 17.8% in 2025, an enhancement from 18.3% in 2024 and 20.8% in 2023. This consistent downward trend over the past three years demonstrates the company's success in optimising its distribution model. The progressive improvement is attributed to a combination of favourable shifts in product mix toward higher-value offerings and the tangible impact of ongoing advisor productivity initiatives, reflecting strong financial discipline and operational efficiency.



OTHER OPERATING AND ADMINISTRATION COST

Below table summarises the expenses based on their nature.

Table 12: Other operating and administration expense

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Staff related expenses	3,745	3,497	3,276	14%	7%
Administration and establishment expenses	2,010	1,808	1,979	4%	-7%
Selling expenses	699	695	713	-2%	-2%
Depreciation / Amortisation	559	513	513	9%	0%
Total Operating Expenses	7,013	6,514	6,440	9%	1%
Loss arising from de-recognition of ISB and SLDB	-	-	2,238	-100%	-100%
Impairment charge/ (reversal) on financial investments	(60)	(60)	(3,005)	-98%	-98%
Finance expenses	566	558	828	-32%	-33%
Net exchange losses on financial assets and liabilities measured at amortised cost	(153)	(153)	301	-151%	-151%
Total Operating Expenses after recognition of impairment	7,365	6,858	6,801	8%	1%

The Company's operating expenses, amounted to Rs. 6,514 million for the year under review, compared to Rs. 6,440 million in the previous year, reflecting a marginal increase of 1%.

On a normalised basis adjusted for performance-based expenses and one-off adjustments operating expenses amounted to Rs. 6,381 million compared to Rs. 5,847 million last year, representing a 9% increase, primarily reflecting business expansion and inflationary pressures.

Finance expenses declined significantly to Rs. 558 million from Rs. 828 million in the previous year, mainly due to the reduction in interest costs following the full settlement of the subordinated debt facility during the year.

Accordingly, total reported expenses for the year stood at Rs. 6,858 million compared to Rs. 6,801 million last year, indicating a modest growth of 1%. On

a normalised basis, total expenses amounted to Rs. 6,726 million, reflecting an 8% increase year-on-year.

Challenges in 2025

Managing expense growth while supporting strategic expansion remained a key challenge during the year. As the business continued to scale across distribution, technology and operational capabilities, it was essential to balance necessary growth investments with disciplined cost control.

Strategies in 2025

We employ budgetary controls as our primary tool for managing expenses, while also leveraging efficiency gains achieved through digitalisation and the integration of artificial intelligence.

Key value driver

We track the expense ratio (Expenses/ GWP) as a measure of efficiency. This year, our expense ratio was

16.6%, down from last year's 18.5%, representing a decrease of 1.9% compared to 2024.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

During the six-month period, the subsidiary reported Rs 507 million in expenses: Rs 248 million went to staff-related costs, and Rs 247 million was categorised as Administration and establishment expenses. The expense ratio for this period was recorded at 29%, compared to 48% in the first half of the year, highlighting the improved cost efficiencies achieved following the acquisition.

Normalised group expenses reached Rs 7,232 million, up from Rs 6,208 million last year an increase of 16%, primarily due to the consolidation of subsidiary expenses amounting to Rs 507 million.

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TOTAL OTHER REVENUE

Break up of other revenue is provided below.

Table 13: Total other revenue

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Net finance income	5,627	5,133	6,791	-17%	-24%
Net realised gains	1,532	1,245	2,938	-48%	-58%
Net fair value gains / (losses)	380	267	(355)	-207%	-175%
Other operating income	32	32	7	391%	388%
Total other revenue	7,571	6,678	9,381	-19%	-29%

Finance income recorded Rs 5,133 million in 2025, 24% decline from previous year mainly due to low market interest rates persist during the year. Accordingly, maturity proceeds from high yielding investments were reinvested at comparatively low yield resulting this decline. Total revenue reached Rs 6,678 million, a 29% reduction from Rs 9,381 million reported last year mainly.

Challenges in 2025

In 2025, maintaining anticipated returns proved difficult due to persistently low market interest rates.

Strategies in 2025

To maximise long-term value, new fund allocations are determined through careful evaluation of market opportunities to achieve the best possible returns.

Key value driver

Investment portfolio yield is regularly monitored as key KPI.

PROFITABILITY

Softlogic Life recorded impressive profitability as provided below.

Profit before tax

The Life Insurance Company's profit is principally derived from the actuarial valuation performed by the Appointed Actuary, commonly referred to as the "Surplus." Additionally, investment income generated from shareholder funds contributes to overall profitability. In 2025, profit before tax was reported at Rs 5,649 million, representing an 11% decrease compared to Rs 6,332 million in 2024. This decline is primarily attributable to the net impairment gain recognised in the previous year and reduced investment income resulting from lower market interest rates.

Profit after tax

In 2025, the company recorded a Profit After Tax of Rs 4.0 billion, reflecting a 11% decline compared to Rs 4.5 billion in 2024.

Key value driver

We monitor Return on Equity as key KPI evaluate profitability.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

The subsidiary reported a six-month PBT of Rs 967 million and PAT of Rs 677 million. As a result, Group PAT reached

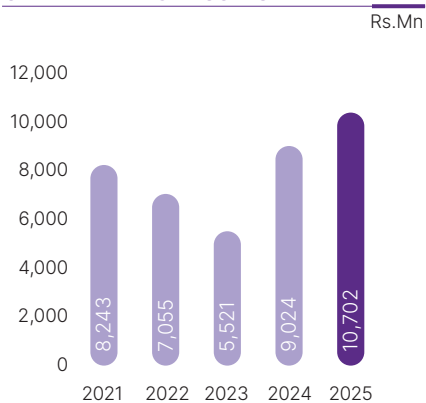
Rs 4,680 million, representing a 4% year-on-year increase on a reported basis. On a normalised basis, group PAT grew by 16%, amounting to Rs 4,638 million in 2025.

UNDERWRITING RESULTS (OPERATING PROFIT / GROSS PROFIT)

Underwriting results indicate the net inflow generated from business operations prior to accounting for investment income and expenses. This metric is calculated following the settlement of claims to policyholders and payment of acquisition costs to intermediaries. Within the Life Insurance sector, underwriting outcomes are a critical value driver and significantly influence overall profitability. They serve as an indicator of a company's capability to accurately price risk, manage claims efficiently, and maintain operational excellence. Furthermore, product characteristics impact these results, providing essential insights into prospective financial outcomes. Robust underwriting performance demonstrates effective risk assessment and sound policy administration, supporting long-term organisational sustainability. Comprehensive details and further analysis of underwriting trends are illustrated in the accompanying graph below. Underwriting results reached Rs 10.7 billion, marking a 18.5% growth compared to the previous year. This increase was primarily driven by strong GWP growth

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Profit before tax	6,616	5,649	6,332	4%	-11%
Profit after tax	4,680	4,003	4,522	4%	-11%

UNDERWRITING RESULTS



PROFITABILITY AND INVESTOR ATTRACTIVENESS – INDUSTRY PEER ANALYSIS

The Table below analyses the Softlogic Life share of profitability in comparison to listed insurance companies.

Table 14: Comparative market profitability

Rs.Mn	2025	2024
Profit After Tax of the Company	4,680	4,522
Total profit from listed companies	18,022	16,995
SLI share of profit as a % of total profit from listed companies	26	27

It shows that Group reported a significant % of (26%) profit out of total profit of listed insurance Companies of the year 2025

Dividend

Softlogic Life paid an Interim dividend of Rs. 4.5 per share amounting to a total payout of Rs. 1,424 million for the year 2025.

Dividend Policy

According to the dividend policy of the company, it distributes 50% of profit after tax as dividend after evaluating capital requirements for future expansion and stress testing for uncertain risk factors.

BALANCE SCORECARD

Management utilises the balanced scorecard to monitor internal business operations, incorporating all key performance indicators essential for organisational success.

A comprehensive five-year analysis of the balanced scorecard is presented on the following page, with a discussion of the most critical KPIs provided below.

Net claim ratio

Net claim ratio (without maturity and surrender)

The net claim ratio for the year remained steady at 35.5%, compared to 35.7% in the previous year. With marginal reduction overall, this result was primarily driven by a substantial drop in the individual claim ratio, which helped offset the higher claim ratio observed in the Group Life portfolio.

Net claim ratio endowment (without Group life and DTA)

The endowment claim ratio excluding Group life and DTAP claims fell to 22.6% from 23.7% last year, highlighting the strength of our underwriting practices. This was achieved even while paying over 90% of claims within one day.

Expense ratios

Net acquisition cost to GWP

Net acquisition fell slightly to 17.8% from 18.3% last year, mainly because of product mix changes.

Operational expenses to GWP

The normalised operational expense ratio for the year was 17.2%, down from 18.5% last year. This improvement is primarily attributed to our commitment to enhancing expense efficiency through innovation and digitalisation.

Combined ratios

Combined Ratio % NEP – without maturities and surrenders

The combined ratio is calculated by adding the total expenses ratio (operating and acquisition) to the net claim ratio, excluding maturities, to determine the total cost a company incurs to acquire and maintain. The

ratio was 75% in 2025, compared to 79% in 2024. The decrease of 4% was due to a reduction in both claims and expenses.

Regulatory ratios

These key ratios are mandated by regulators to assess the company's financial stability. Softlogic Life has established internal processes to ensure timely compliance with these requirements. Over the years, Softlogic Life has consistently maintained these ratios well above the minimum requirements, demonstrating our commitment to delivering on our promises to stakeholders.

Key value drivers

Persistence ratios

This figure reflects the proportion of premiums collected relative to the total due premiums. The Year 1 ratio stands at 86%, an increase of 3% from the previous year; Year 2 is at 66%, up by 5%; and Year 3 at 54%, representing a 3% rise compared to the prior year. This improvement is primarily attributed to overall economic performance and the continued renewal of existing policies.

Average premium per policy

This has been increasing over the past years, highlighting the market segments we have reached.

Annualised new business premium

ANBP achieved a 39% year-over-year growth, attributable to the successful launch of a new product targeting a specific market segment in 2025, as well as the overall positive economic performance.

ANBP per agent

This metric reflects agent productivity, which has been increasing over the years due to various initiatives implemented by management to enhance performance.

Surplus

This metric reflects the profitability generated from the insurance portfolio for the year. Softlogic Life maintains a profitable product portfolio to drive surplus growth.

OPERATIONAL REVIEW

Table 15: Life Insurance Industry Specific Ratios and Its Discussion

Description	Movement	2025	2024	2023	2022	2021	(%)
Key Operating Ratios							
First Year / Renewal GWP Mix %	N/A	31/69	29/71	33/67	32/68	32/68	-
Net Claims Ratio							
Net Claims Ratio % (with maturities and surrenders)	●	51.7	49.0	53.8	41.1	32.4	3
Net Claims Ratio % (without maturities and surrenders)	●	35.5	35.7	40.2	33.5	27.6	(0)
Net Claims Ratio Endowment % (without Group life and DTA)	●	22.6	23.7	26.0	20.0	17.3	(1)
Expense Ratios							
Reinsurance Expense Ratio %	●	7.1	7.9	9.5	11.6	9.3	(1)
Net Acquisition Cost Ratio % GWP	●	17.8	18.3	20.8	21.5	20.2	(1)
Operational Expenses as a % of GWP*	●	16.6	18.5	20.3	17.9	18.6	(2)
Total Expense Ratio % GWP	●	35.9	39.5	44.3	42.2	38.8	(4)
Total Expense Ratio % NEP	●	38.7	42.9	49.0	47.7	44.7	(4)
Combined Ratio							
Combined Ratio % NEP - without maturities and surrenders	●	75	79	89	82	73	(4)
Combined Ratio % NEP - with maturities and surrenders	●	91	92	103	89	77	(1)
Regulatory Ratios							
Capital Adequacy Ratio (Min 120%)	●	245	298	367	287	395	(53)
Determination Ratio % (Min 100%)	●	113	114	140	126	114	(1)
Investment in Government Securities % Life fund (Min of 30%)	●	79	71	96	67	41	8
Key Value Drivers							
Premium Persistency % – Year 1	●	86	83	83	84	85	3
Premium Persistency % – Year 2	●	66	61	61	66	67	5
Premium Persistency % – Year 3	●	54	51	54	58	58	3
Average Premium per Policy (Rs.)	●	199,379	195,995	176,872	169,090	138,983	2
Annualised New Business Premium Rs. Mn	●	8,231	6,466	6,000	5,887	5,083	27
Annualised New Business per Agent Rs. Mn	●	2.2	2.1	2.1	2.0	1.6	5
No of New policies	●	192,333	128,088	74,827	133,872	237,453	50
Life Fund Rs. Mn	●	37,012	32,290	27,202	24,469	21,493	15
Surplus Rs. Mn (without one off surplus)	●	4,388	4,287	3,015	4,378	2,295	2

● Positive Variance ● Variance up to 5% ● Negative variance

Financial position and cash flow analysis are available under financial capital on page 130.

*Adjusted for performance based expenses