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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the Year Ended 31<sup>st</sup> December 2025

# Statement of Financial Position

As at,	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31st Dec 2025	31st Dec 2024	31st Dec 2025	31st Dec 2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Assets</b>					
Property, Plant and Equipment		787,860	769,638	498,995	541,118
Right of Use Assets		506,140	482,551	373,134	427,016
Intangible Assets		522,369	164,019	279,995	155,588
Deferred Tax Assets		9,124	14,783	-	-
Financial Investments	3	68,717,058	54,304,798	62,493,446	48,486,327
Investment in Subsidiary		-	-	1,150,000	1,150,000
Loans to Life Policyholders		504,018	459,395	504,018	459,395
Reinsurance Receivables		3,478,110	1,268,504	446,736	238,175
Premium Receivables		3,135,922	2,272,135	767,241	198,723
Other Assets		1,386,352	1,277,749	966,006	906,713
Insurance Contract - Deferred Expenses		11,128	33,468	-	-
Cash in Hand and at Bank		1,592,686	1,402,419	961,692	841,377
<b>Total Assets</b>		<b>80,650,767</b>	<b>62,449,459</b>	<b>68,441,263</b>	<b>53,404,432</b>
<b>Equity and Liabilities</b>					
<b>Equity Attributable to the Equity Holders</b>					
Stated Capital		1,171,875	1,171,875	1,171,875	1,171,875
Retained Earnings		12,151,456	10,351,725	10,227,698	8,689,963
Available for Sale Reserve		249,706	279,432	186,065	211,076
Other Reserves		(160,701)	(104,708)	(113,126)	(82,179)
Life Policyholders' Available for Sale Reserve Fund	5	339,844	437,695	339,844	437,695
Restricted Regulatory Reserve	6	381,156	381,156	381,156	381,156
<b>Equity Attributable to the Equity Holders</b>		<b>14,133,336</b>	<b>12,517,175</b>	<b>12,193,512</b>	<b>10,809,586</b>
Non-Controlling Interest		-	-	-	-
<b>Total Equity</b>		<b>14,133,336</b>	<b>12,517,175</b>	<b>12,193,512</b>	<b>10,809,586</b>
<b>Liabilities</b>					
Insurance Contract Liabilities - Life Insurance	7	49,248,002	38,647,547	49,248,002	38,647,547
Insurance Contract Liabilities - General Insurance	8	6,788,998	4,507,058	-	-
Employee Defined Benefit Liabilities		605,262	477,315	355,947	279,864
Current Tax Liabilities		596,470	559,876	561,275	479,148
Reinsurance Creditors		1,847,886	1,000,350	572,591	214,999
Lease Creditors		593,622	560,905	456,184	503,233
Other Liabilities		6,495,355	3,760,247	4,828,542	2,276,075
Bank Overdrafts		341,836	418,986	225,210	193,980
<b>Total Liabilities</b>		<b>66,517,431</b>	<b>49,932,284</b>	<b>56,247,751</b>	<b>42,594,846</b>
<b>Total Equity and Liabilities</b>		<b>80,650,767</b>	<b>62,449,459</b>	<b>68,441,263</b>	<b>53,404,432</b>

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

These Condensed Consolidated Interim Financial Statements are in compliance with the requirements of the Companies Act, No. 07 of 2007.

  
**Ruwan Rodrigo**  
 Chief Financial Officer

The Board of Directors is responsible for these Condensed Consolidated Interim Financial Statements.  
 Signed on behalf of the Board;

  
**Stuart Chapman**  
 Chairman

  
**Ashoka Goonesekere**  
 Senior Independent Director

Colombo, Sri Lanka  
 24th February 2026

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st December,	Note	Group		Company		Change	
		Unaudited	Audited	Unaudited	Audited	Group	Company
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	%	%
Gross Written Premium	9	30,450,397	22,737,994	19,489,970	13,709,655	34	42
Premium Ceded to Reinsurers		(5,786,807)	(4,585,634)	(1,048,587)	(775,049)	26	35
<b>Net Written Premium</b>		<b>24,663,590</b>	<b>18,152,360</b>	<b>18,441,383</b>	<b>12,934,606</b>	<b>36</b>	<b>43</b>
Net Change in Reserves for Unearned Premium		(523,541)	199,390	-	-	(363)	-
<b>Net Earned Premium</b>		<b>24,140,049</b>	<b>18,351,750</b>	<b>18,441,383</b>	<b>12,934,606</b>	<b>32</b>	<b>43</b>
<b>Other Revenue</b>							
Interest and Dividend Income	10	8,213,038	7,561,878	7,492,902	6,797,948	9	10
Net Realised Gains		722,452	100,442	699,868	40,028	619	1,648
Net Fair Value Gains		74,482	64,853	45,466	76,025	15	(40)
Fee and Commission Income		480,086	421,785	101,620	93,815	14	8
Other Income		27,979	41,685	8,494	23,514	(33)	(64)
<b>Total Other Revenue</b>		<b>9,518,037</b>	<b>8,190,643</b>	<b>8,348,350</b>	<b>7,031,330</b>	<b>16</b>	<b>19</b>
<b>Net Income</b>		<b>33,658,086</b>	<b>26,542,393</b>	<b>26,789,733</b>	<b>19,965,936</b>	<b>27</b>	<b>34</b>
<b>Net Benefits, Claims and Expenses</b>							
Net Insurance Benefits and Claims		(8,445,814)	(6,711,226)	(4,403,249)	(3,007,225)	26	46
Change in Contract Liabilities - Life Fund		(10,547,068)	(7,679,932)	(10,547,068)	(7,679,932)	37	37
Other Operating and Administration Expenses		(7,475,941)	(6,413,021)	(5,100,970)	(4,221,465)	17	21
Underwriting and Net Acquisition Costs		(3,575,346)	(2,734,947)	(3,464,378)	(2,466,158)	31	40
Finance and Other Insurance Related Costs		(228,638)	(290,346)	(243,832)	(232,686)	(21)	5
<b>Total Benefits, Claims and Other Expenses</b>		<b>(30,272,807)</b>	<b>(23,829,472)</b>	<b>(23,759,497)</b>	<b>(17,607,466)</b>	<b>27</b>	<b>35</b>
<b>Profit Before Taxation</b>		<b>3,385,279</b>	<b>2,712,921</b>	<b>3,030,236</b>	<b>2,358,470</b>	<b>25</b>	<b>28</b>
Income Tax Expense	11	(1,000,548)	(816,060)	(907,501)	(701,759)	23	29
<b>Profit for the Year</b>	12	<b>2,384,731</b>	<b>1,896,861</b>	<b>2,122,735</b>	<b>1,656,711</b>	<b>26</b>	<b>28</b>
<b>Other Comprehensive Income, Net of Related Tax</b>							
<b>Items that are or may be reclassified to profit or loss</b>							
- Net Change in fair value of Available For Sale Financial Assets		447,996	1,087,198	445,846	987,778	(59)	(55)
- Realised Gains transferred to Income Statement		(643,381)	(131,952)	(634,495)	(33,720)	388	1,782
- Amortisation of AFS reserve on reclassification		65,787	57,165	65,787	57,165	15	15
- Net Change in fair value of Available For Sale Financial Assets transferred to Life Policyholders' Available For Sale Reserve Fund		97,851	(906,981)	97,851	(906,981)	111	111
- Tax related on items that are or may be reclassified to profit or loss	11	2,021	(356)	-	-	668	-
<b>- Items that will never be reclassified to profit or loss</b>							
- Actuarial Losses on Defined Benefit Plans		(52,402)	(94,430)	(30,947)	(61,004)	(45)	(49)
- Gains on Land and Building Revaluation		-	15,976	-	-	(100)	-
- Tax related on items that will never be reclassified to profit or loss		(3,591)	(4,964)	-	-	(28)	-
<b>Total Other Comprehensive Income for the Year, Net of Related Tax</b>		<b>(85,719)</b>	<b>21,656</b>	<b>(55,958)</b>	<b>43,238</b>	<b>(496)</b>	<b>(229)</b>
<b>Total Comprehensive Income for the Year</b>		<b>2,299,012</b>	<b>1,918,517</b>	<b>2,066,777</b>	<b>1,699,949</b>	<b>20</b>	<b>22</b>
<b>Profit Attributable to:</b>							
Equity Holders of the Company		2,384,731	1,896,861	2,122,735	1,656,711	26	28
Non-Controlling Interest		-	-	-	-	-	-
<b>Total Comprehensive Income Attributable to:</b>							
Equity Holders of the Company		2,299,012	1,918,517	2,066,777	1,699,949	20	22
Non-Controlling Interest		-	-	-	-	-	-
Basic and Diluted Earnings Per Share (Rs.)	13	15.90	12.65	14.15	11.04	26	28

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

# Statement of Changes in Equity - Group

	Stated Capital Rs. '000	Retained Earnings Rs. '000	Available for Sale Reserve Rs. '000	Other Reserve Rs. '000	Life Policyholders' AFS Reserve Rs. '000	Restricted Regulatory Reserve Rs. '000	Total Equity Rs. '000
<b>Balance as at 01st January 2024</b>	1,171,875	9,039,864	174,358	(21,290)	(469,286)	381,156	10,276,677
Profit for the Year-Audited	-	1,896,861	-	-	-	-	1,896,861
<b>Other Comprehensive Income for the Year, Net of Related Tax</b>	-	-	-	-	-	-	-
Net Change in fair value of Available For Sale Financial Assets	-	-	1,012,055	-	-	-	1,012,055
Net Change in fair value of Available For Sale Financial Assets	-	-	(906,981)	-	-	-	(906,981)
- transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	(906,981)	(95,849)	-	-	(95,849)
Actuarial Losses on Employee Defined Benefit Plans	-	-	-	12,431	-	-	12,431
Gains on Land and Building Revaluation	-	-	-	-	-	-	-
Total Other Comprehensive Income for the Year	-	-	105,074	(83,418)	-	-	21,656
Total Comprehensive Income for the Year	-	1,896,861	105,074	(83,418)	-	-	1,918,517
Net Change in fair value of Available For Sale Financial Assets	-	-	-	-	-	-	-
- transferred from Available For Sale Reserve	-	-	-	-	-	-	-
<b>Transactions with owners recorded directly in equity</b>	-	-	-	-	906,981	-	906,981
Distributions to owners of the Parent	-	-	-	-	-	-	-
Final dividend to equity holders for 2023	-	(585,000)	-	-	-	-	(585,000)
<b>Audited balance as at 31st December 2024</b>	1,171,875	10,351,725	279,432	(104,708)	437,695	381,156	12,517,175
Balance as at 01st January 2025	1,171,875	10,351,725	279,432	(104,708)	437,695	381,156	12,517,175
<b>Comprehensive Income for the Year</b>	-	-	-	-	-	-	-
Profit for the Year-Unaudited	-	2,384,731	-	-	-	-	2,384,731
<b>Other Comprehensive Income for the Year, Net of Related Tax</b>	-	-	-	-	-	-	-
Net Change in fair value of Available For Sale Financial Assets	-	-	(127,577)	-	-	-	(127,577)
Net Change in fair value of Available For Sale Financial Assets	-	-	-	-	-	-	-
- transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	97,851	(55,993)	-	-	41,858
Actuarial Losses on Employee Defined Benefit Plans	-	-	-	(55,993)	-	-	(55,993)
Total Other Comprehensive Income for the Year	-	-	(29,726)	(55,993)	-	-	(85,719)
Total Comprehensive Income for the Year	-	2,384,731	(29,726)	(55,993)	-	-	2,299,012
Net Change in fair value of Available For Sale Financial Assets	-	-	-	-	-	-	-
- transferred from Available For Sale Reserve	-	-	-	-	(97,851)	-	(97,851)
<b>Transactions with owners recorded directly in equity</b>	-	-	-	-	-	-	-
Distributions to owners of the Parent	-	(585,000)	-	-	-	-	(585,000)
First and final dividend to equity holders for 2024	-	12,151,456	249,706	(160,701)	339,844	381,156	14,133,336
<b>Unaudited balance as at 31st December 2025</b>	1,171,875	12,151,456	249,706	(160,701)	339,844	381,156	14,133,336

Stated Capital represents 150 Million Ordinary Shares as at 31st December 2025 (2024 - 150 Million).

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

## Statement of Changes in Equity - Company

	Stated Capital Rs. '000	Retained Earnings Rs. '000	Available for Sale Reserve Rs. '000	Other Reserve Rs. '000	Life Policyholders' AFS Reserve Fund Rs. '000	Restricted Regulatory Reserve Rs. '000	Total Equity Rs. '000
Balance as at 01st January 2024	1,177,875	7,618,252	106,834	(21,175)	(469,286)	381,156	8,787,656
Comprehensive Income for the Year							
Profit for the Year-Audited		1,656,711					1,656,711
<b>Other Comprehensive Income for the Year, Net of Related Tax</b>							
Net Change in fair value of Available For Sale Financial Assets			1,011,223				1,011,223
Net Change in fair value of Available For Sale Financial Assets			(906,981)				(906,981)
- transferred to Life Policyholders' Available For Sale Reserve Fund				(61,004)			(61,004)
Actuarial Losses on Employee Defined Benefit Plans							43,238
Total Other Comprehensive Income for the Year			104,242	(61,004)			1,699,949
Total Comprehensive Income for the Year		1,656,711	104,242	(61,004)			906,981
Net Change in fair value of Available For Sale Financial Assets							
- transferred from Available For Sale Reserve							
<b>Transactions with owners recorded directly in equity</b>							
Distributions to owners of the Company					906,981		(906,981)
Final dividend to equity holders for 2023		(585,000)					(585,000)
<b>Audited balance as at 31st December 2024</b>	<b>1,177,875</b>	<b>8,689,963</b>	<b>211,076</b>	<b>(82,179)</b>	<b>437,695</b>	<b>381,156</b>	<b>10,609,586</b>
Balance as at 01st January 2025	1,177,875	8,689,963	211,076	(82,179)	437,695	381,156	10,609,586
Comprehensive Income for the Year							
Profit for the Year-Unaudited		2,122,735					2,122,735
<b>Other Comprehensive Income for the Year, Net of Related Tax</b>							
Net Change in fair value of Available For Sale Financial Assets			(122,862)				(122,862)
Net Change in fair value of Available For Sale Financial Assets							
- transferred to Life Policyholders' Available For Sale Reserve Fund				(30,947)			(30,947)
Actuarial Losses on Employee Defined Benefit Plans							(59,958)
Total Other Comprehensive Income for the Year			(25,011)	(30,947)			(55,958)
Total Comprehensive Income for the Year		2,122,735	(25,011)	(30,947)			2,066,777
Net Change in fair value of Available For Sale Financial Assets							
- transferred from Available For Sale Reserve							
<b>Distributions to owners of the Company</b>							
Transactions with owners recorded directly in equity					(97,851)		(97,851)
Distributions to owners of the Company							
First and final dividend to equity holders for 2024		(585,000)					(585,000)
<b>Unaudited balance as at 31st December 2025</b>	<b>1,177,875</b>	<b>10,227,688</b>	<b>186,065</b>	<b>(113,126)</b>	<b>339,844</b>	<b>381,156</b>	<b>12,193,572</b>

Stated Capital represents 150 Million Ordinary Shares as at 31st December 2025 (2024 - 150 Million).

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

# Statement of Cash Flows

<i>For the Year Ended 31st December,</i>	Note	Group		Company	
		Unaudited 2025	Audited 2024	Unaudited 2025	Audited 2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash Flows From Operating Activities</b>					
Profit Before Taxation		3,385,279	2,712,921	3,030,236	2,358,470
<u>Adjustments for:</u>					
Interest Income	10	(8,171,776)	(7,538,650)	(7,451,640)	(6,774,752)
Dividend Income	10	(41,262)	(23,228)	(41,262)	(23,196)
Amortisation of Intangible Assets		53,027	31,341	47,525	29,175
Depreciation of Property, Plant and Equipment		212,967	180,203	157,480	138,610
Net Depreciation of Right of Use Assets		220,716	206,802	196,827	191,459
Interest Expense of Lease Creditors		92,337	103,893	76,856	94,773
Provision for Employee Benefits		111,027	83,927	64,417	47,602
Net Realised Gains		(722,452)	(100,442)	(699,868)	(40,028)
Net Fair Value Gains		(74,482)	(64,853)	(45,466)	(76,025)
Loss on Intangible assets		-	237	-	168
Gains on Disposal of Property, Plant and Equipment		(287)	(18,837)	(233)	(18,867)
		(4,934,906)	(4,426,686)	(4,665,128)	(4,072,611)
Net Change in Operating Assets	A	(3,346,835)	(365,682)	(989,936)	(149,899)
Net Change in Operating Liabilities	B	16,437,975	8,732,928	13,521,597	8,093,485
<b>Cash Flows from Operating Activities</b>		8,156,234	3,940,560	7,866,533	3,870,975
<b>Cash Flows from Investing Activities</b>					
Gratuity Paid		(35,482)	(34,902)	(16,080)	(19,163)
Income Tax Paid		(828,928)	(645,779)	(730,717)	(559,812)
Payment of Lease Interest		(92,337)	(103,893)	(76,856)	(94,773)
Capital Gain Tax Paid		(2,666)	(31,653)	-	-
<b>Net Cash Generated from Operating Activities</b>		7,196,821	3,124,333	7,042,880	3,197,227
<b>Cash Flows from Investing Activities</b>					
Acquisition of Financial Investments		(207,213,563)	(112,872,788)	(162,699,956)	(80,274,019)
Proceeds from Maturity of Financial Investments		191,476,803	101,464,772	147,492,031	70,491,008
Proceeds from Sale of Financial Investments		2,222,511	2,414,778	2,008,501	1,321,315
Interest Received		7,945,336	7,262,912	7,270,652	6,410,785
Dividend Received		37,028	20,496	37,028	20,464
Acquisition of Intangible Assets		(370,029)	(131,673)	(171,932)	(127,365)
Acquisition of Property, Plant and Equipment		(231,984)	(250,381)	(116,082)	(204,870)
Proceeds from the Disposal of Property, Plant and Equipment		1,082	24,901	958	24,805
Advance Paid to Right of Use asset		(22,176)	(8,635)	(11,496)	(6,235)
<b>Net Cash Used in Investing Activities</b>		(6,154,992)	(2,075,618)	(6,190,296)	(2,344,112)
<b>Cash Flows from Financing Activities</b>					
Dividend Paid		(585,000)	(585,000)	(585,000)	(585,000)
Payment of Lease Capital		(189,412)	(132,015)	(178,499)	(126,393)
<b>Net Cash Used in Financing Activities</b>		(774,412)	(717,015)	(763,499)	(711,393)
<b>Net Increase in Cash and Cash Equivalents (Net of Book OD)</b>					
		267,417	331,700	89,085	141,722
Cash and Cash Equivalents at the beginning of the Year (Net of Book OD)		983,433	651,733	647,397	505,675
<b>Cash and Cash Equivalents at the end of the Year (Net of Book OD)</b>	C	1,250,850	983,433	736,482	647,397

## Notes to the Statement of Cash Flows

<i>For the Year Ended 31st December,</i>	Note	Group		Company	
		Unaudited 2025 Rs. '000	Audited 2024 Rs. '000	Unaudited 2025 Rs. '000	Audited 2024 Rs. '000
<b>A. Change in Operating Assets</b>					
Decrease in Deferred Expenses		22,340	175,003	-	-
Increase in Loans to Life Policyholders		(44,623)	(17,472)	(44,623)	(17,472)
(Increase)/Decrease in Reinsurance Receivables		(2,209,606)	60,653	(208,561)	87,108
Increase in Premium Receivables		(863,787)	(413,728)	(568,518)	(152,783)
Increase in Other Assets		(251,159)	(170,138)	(168,234)	(66,752)
<b>Net Change in Operating Assets</b>		<b>(3,346,835)</b>	<b>(365,682)</b>	<b>(989,936)</b>	<b>(149,899)</b>
<b>B. Change in Operating Liabilities</b>					
Increase in Other Liabilities		2,693,760	896,232	2,549,266	460,191
Increase in Insurance Contract Liabilities (before tax) - Life Insurance		10,614,739	7,720,506	10,614,739	7,720,506
Increase/(Decrease) in Insurance Contract Liabilities - General Insurance		2,281,940	(187,245)	-	-
Increase/(Decrease) in Reinsurance Creditors		847,536	303,435	357,592	(87,212)
<b>Net Change in Operating Liabilities</b>		<b>16,437,975</b>	<b>8,732,928</b>	<b>13,521,597</b>	<b>8,093,485</b>
<b>C. Cash and Cash Equivalents at the end of the Year</b>					
Cash in Hand and at Bank		1,592,686	1,402,419	961,692	841,377
Bank Overdrafts		(341,836)	(418,986)	(225,210)	(193,980)
<b>Cash and Cash Equivalents (Net of Book OD)</b>		<b>1,250,850</b>	<b>983,433</b>	<b>736,482</b>	<b>647,397</b>

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdraft as shown above.

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

## Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Company		Change	
		2025	2024	2025	2024	Group	Company
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	%	%
<i>For the Three Months Ended 31st December,</i>							
Gross Written Premium	9	8,555,325	6,088,168	5,740,538	3,733,574	41	54
Premium Ceded to Reinsurers		(1,392,605)	(1,131,932)	(262,689)	(204,003)	23	29
<b>Net Written Premium</b>		<b>7,162,720</b>	<b>4,956,236</b>	<b>5,477,849</b>	<b>3,529,571</b>	<b>45</b>	<b>55</b>
Net Change in Reserves for Unearned Premium		(138,335)	(151,719)	-	-	(9)	-
<b>Net Earned Premium</b>		<b>7,024,385</b>	<b>4,804,517</b>	<b>5,477,849</b>	<b>3,529,571</b>	<b>46</b>	<b>55</b>
<b>Other Revenue</b>							
Interest and Dividend Income	10	2,172,777	1,936,569	1,993,441	1,752,538	12	14
Net Realised Gains		281,890	26,195	280,315	24,880	976	1,027
Net Fair Value Gains		28,509	51,914	10,872	50,627	(45)	(79)
Fee and Commission Income		89,559	104,331	12,899	13,676	(14)	(6)
Other Income		5,780	1,830	98	919	(216)	(89)
<b>Total Other Revenue</b>		<b>2,578,515</b>	<b>2,120,839</b>	<b>2,297,625</b>	<b>1,842,640</b>	<b>22</b>	<b>25</b>
<b>Net Income</b>		<b>9,602,900</b>	<b>6,925,356</b>	<b>7,775,474</b>	<b>5,372,211</b>	<b>39</b>	<b>45</b>
<b>Net Benefits, Claims and Expenses</b>							
Net Insurance Benefits and Claims		(2,261,538)	(1,755,109)	(1,148,716)	(887,113)	29	29
Change in Contract Liabilities - Life Fund		(1,474,279)	(714,676)	(1,474,279)	(714,676)	106	106
Other Operating and Administration Expenses		(2,298,988)	(1,902,884)	(1,722,542)	(1,336,293)	21	29
Underwriting and Net Acquisition Costs		(1,215,857)	(813,068)	(1,184,517)	(779,384)	50	52
Finance and Other Insurance Related Costs		(95,127)	(88,817)	(90,944)	(71,021)	7	28
<b>Total Benefits, Claims and Other Expenses</b>		<b>(7,345,789)</b>	<b>(5,274,554)</b>	<b>(5,620,998)</b>	<b>(3,788,487)</b>	<b>39</b>	<b>48</b>
<b>Profit Before Taxation</b>		<b>2,257,111</b>	<b>1,650,802</b>	<b>2,154,476</b>	<b>1,583,724</b>	<b>37</b>	<b>36</b>
Income Tax Expense	11	(668,994)	(488,672)	(648,939)	(477,409)	37	36
<b>Profit for the Period</b>	12	<b>1,588,117</b>	<b>1,162,130</b>	<b>1,505,537</b>	<b>1,106,315</b>	<b>37</b>	<b>36</b>
<b>Other Comprehensive Income, Net of Related Tax</b>							
<b>Items that are or may be reclassified to profit or loss</b>							
- Net Change in fair value of Available For Sale Financial Assets		(51,708)	878,361	(42,222)	802,525	(106)	(105)
- Realised Gains transferred to Income Statement		(255,606)	(38,065)	(255,606)	(25,881)	571	888
- Amortisation of AFS reserve on reclassification		17,448	15,138	17,448	15,138	15	15
- Net Change in fair value of Available For Sale Financial Assets transferred to Life Policyholder's Available For Sale Reserve Fund		269,014	(700,470)	269,014	(700,470)	138	138
- Tax related on items that are or may be reclassified to profit or loss	11	2,846	(19,095)	-	-	115	-
<b>Items that will never be reclassified to profit or loss</b>		<b>(52,402)</b>	<b>(94,430)</b>	<b>(30,947)</b>	<b>(61,004)</b>	<b>(45)</b>	<b>(49)</b>
- Actuarial Losses on Employee Defined Benefit Plans		(52,402)	(94,430)	(30,947)	(61,004)	(45)	(49)
- Gains on Land and Building Revaluation		-	15,976	-	-	(100)	-
<b>Tax related on items that will never be reclassified to profit or loss</b>		<b>(3,591)</b>	<b>(1,419)</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>-</b>
- Related Tax on Actuarial Losses on Employee Defined Benefit Plans	11	(3,591)	(1,419)	-	-	153	-
- Related Tax on Gains on Land and Building Revaluation	11	-	(3,545)	-	-	(100)	-
<b>Total Other Comprehensive Income for the Period, Net of Related tax</b>		<b>(73,999)</b>	<b>52,451</b>	<b>(42,313)</b>	<b>30,308</b>	<b>(241)</b>	<b>(240)</b>
<b>Total Comprehensive Income for the Period</b>		<b>1,514,118</b>	<b>1,214,581</b>	<b>1,463,224</b>	<b>1,136,623</b>	<b>25</b>	<b>29</b>
<b>Profit Attributable to:</b>							
Equity Holders of the Company		1,588,117	1,162,130	1,505,537	1,106,315	37	36
Non-Controlling Interest		-	-	-	-	-	-
<b>Total Comprehensive Income Attributable to:</b>		<b>1,514,118</b>	<b>1,214,581</b>	<b>1,463,224</b>	<b>1,136,623</b>	<b>25</b>	<b>29</b>
Equity Holders of the Company		1,514,118	1,214,581	1,463,224	1,136,623	25	29
Non-Controlling Interest		-	-	-	-	-	-
<b>Basic and Diluted Earnings Per Share (Rs.)</b>	13	<b>10.59</b>	<b>7.75</b>	<b>10.04</b>	<b>7.38</b>	<b>37</b>	<b>36</b>

The Notes form an integral part of these Condensed Consolidated Interim Financial Statements.

## Operating Segment Information - Assets and Liabilities

As at,	Unaudited		Audited	
	31st December 2025		31st December 2024	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
<b>Assets</b>				
Property, Plant and Equipment	498,995	288,865	541,118	228,520
Right of Use Assets	373,134	133,006	427,016	55,535
Intangible Assets	279,995	242,374	155,588	8,431
Deferred Tax Assets	-	9,124	-	14,783
Financial Investments	62,493,446	6,223,612	48,486,327	5,818,471
Investment in Subsidiary	1,150,000	-	1,150,000	-
Loans to Life Policyholders	504,018	-	459,395	-
Reinsurance Receivables	446,736	3,031,374	238,175	1,030,329
Premium Receivables	767,241	2,368,687	198,723	2,081,953
Other Assets	966,006	445,243	906,713	396,910
Insurance Contract - Deferred Expenses	-	11,128	-	33,468
Cash in Hand and at Bank	961,692	630,994	841,377	561,042
<b>Total Assets</b>	<b>68,441,263</b>	<b>13,384,407</b>	<b>53,404,432</b>	<b>10,229,442</b>
<b>Liabilities</b>				
Insurance Contract Liabilities - Life Insurance	49,248,002	-	38,647,547	-
Insurance Contract Liabilities - General Insurance	-	6,788,998	-	4,507,058
Employee Defined Benefit Liabilities	355,947	249,315	279,864	197,451
Current Tax Liabilities	561,275	35,195	479,148	80,728
Reinsurance Creditors	572,591	1,275,295	214,999	785,351
Lease Creditors	456,184	137,438	503,233	57,672
Other Liabilities	4,828,542	1,691,716	2,276,075	1,518,587
Bank Overdrafts	225,210	116,626	193,980	225,006
<b>Total Liabilities</b>	<b>56,247,751</b>	<b>10,294,583</b>	<b>42,594,846</b>	<b>7,371,853</b>

## Operating Segment Information - Profitability

For the Year Ended,	Unaudited		Unaudited	
	31st December 2025		31st December 2024	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
<b>Gross Written Premium</b>	<b>19,489,970</b>	<b>11,005,157</b>	<b>13,709,655</b>	<b>9,121,546</b>
Premium Ceded to Reinsurers	(1,048,587)	(4,738,220)	(775,049)	(3,810,585)
<b>Net Written Premium</b>	<b>18,441,383</b>	<b>6,266,937</b>	<b>12,934,606</b>	<b>5,310,961</b>
Net Change in Reserves for Unearned Premium	-	(523,541)	-	199,390
<b>Net Earned Premium</b>	<b>18,441,383</b>	<b>5,743,396</b>	<b>12,934,606</b>	<b>5,510,351</b>
<b>Other Revenue</b>				
Interest and Dividend Income	7,492,902	720,136	6,797,948	763,930
Net Realised Gains	699,868	22,584	40,028	60,414
Net Fair Value Gains/(Losses)	45,466	29,016	76,025	(11,172)
Fee and Commission Income	101,620	405,566	93,815	361,854
Other Income	8,494	19,485	23,514	18,171
<b>Total Other Revenue</b>	<b>8,348,350</b>	<b>1,196,787</b>	<b>7,031,330</b>	<b>1,193,197</b>
<b>Net Income</b>	<b>26,789,733</b>	<b>6,940,183</b>	<b>19,965,936</b>	<b>6,703,548</b>
<b>Net Benefits, Claims and Expenses</b>				
Net Insurance Benefits and Claims	(4,403,249)	(4,042,646)	(3,007,225)	(3,704,279)
Change in Contract Liabilities - Life Fund	(10,547,068)	-	(7,679,932)	-
Other Operating and Administration Expenses	(5,100,970)	(2,438,454)	(4,221,465)	(2,301,836)
Underwriting and Net Acquisition Cost	(3,464,378)	(119,234)	(2,466,158)	(285,322)
Finance and Other Insurance Related Costs	(243,832)	15,194	(232,686)	(57,660)
<b>Total Benefits, Claims and other Expenses</b>	<b>(23,759,497)</b>	<b>(6,585,140)</b>	<b>(17,607,466)</b>	<b>(6,349,097)</b>
<b>Profit Before Taxation</b>	<b>3,030,236</b>	<b>355,043</b>	<b>2,358,470</b>	<b>354,451</b>
Income Tax Expense	(907,501)	(93,047)	(701,759)	(114,301)
<b>Profit for the Year</b>	<b>2,122,735</b>	<b>261,996</b>	<b>1,656,711</b>	<b>240,150</b>

# Notes to the Condensed Consolidated Interim Financial Statements

## 1 CORPORATE INFORMATION

### 1.1 Reporting Entity

HNB Assurance PLC ("the Company") is a public limited liability Company incorporated on 23rd August 2001 and domiciled in Sri Lanka. The registered office of the Company is situated at No. 479, T B Jayah Mawatha, Colombo 10 and the principal place of business is situated at No. 30, Iceland Business Centre, Sri Uttararanda Mawatha, Colombo 03. The Ordinary Shares of the Company are listed on the Colombo Stock Exchange (CSE).

The Group's controlling entity and ultimate parent undertaking is Hatton National Bank PLC which is a licensed Commercial Bank incorporated in Sri Lanka.

### 1.2 Approval of Financial Statements

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors on 24th February 2026.

Figures in these Condensed Consolidated Interim Financial Statements for the year ended 31st December 2025 are provisional and unaudited.

## 2 BASIS OF PREPARATION

These Condensed Consolidated Interim Financial Statements of the Group and Company have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34- Interim Financial Reporting and comply with the requirements of the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000 and subsequent amendments thereto.

These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2024. The same accounting policies have been followed in preparation of these interim financial statements as stated in the Audited Financial Statements for the year ended 31st December 2024.

Comparative information has been re-classified where necessary, to conform to the current year recognition, measurement and presentations.

### 2.1 Temporary Exemption for Application of SLFRS 09

SLFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 01st January 2018. However, for an insurer that meets the criteria in paragraph 20B of SLFRS 4 (Amended) which provides a temporary exemption that permits, but does not require, the insurer to apply LKAS 39 Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 01st January 2026.

Having considered the above, since HNB Assurance PLC and HNB General Insurance Limited are predominantly carrying out Insurance activities, both Companies continue to apply LKAS 39 Financial Instruments: Recognition and Measurement rather than SLFRS 9 for the annual periods beginning before 01st January 2026.

Group has not early adopted the new SLFRSs and interpretations issued but not yet effective.

## 3 FINANCIAL INVESTMENTS

As at,	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31st Dec 2025 Rs. '000	31st Dec 2024 Rs. '000	31st Dec 2025 Rs. '000	31st Dec 2024 Rs. '000
Held to Maturity Financial Assets	14,873,650	13,429,892	14,873,650	13,429,892
Loans and Receivables	32,402,062	22,404,413	28,444,250	19,418,909
Available for Sale Financial Assets	20,126,377	18,022,934	18,038,779	15,234,056
Financial Assets at Fair Value Through Profit or Loss	1,314,969	447,559	1,136,767	403,470
<b>Total Financial Investment</b>	<b>68,717,058</b>	<b>54,304,798</b>	<b>62,493,446</b>	<b>48,486,327</b>

## Notes to the Condensed Consolidated Interim Financial Statements

### 4 THE ACCOUNTING POLICY FOR CONSOLIDATION OF SUBSIDIARY

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies and unrealised losses are eliminated. Amounts reported by subsidiary companies are adjusted to conform with the Group's accounting policies where necessary.

### 5 LIFE POLICYHOLDERS' AVAILABLE FOR SALE RESERVE FUND

Life Policyholders' Available For Sale Reserve Fund includes the fair value changes recorded in Other Comprehensive Income in respect of Life Insurance related assets.

Unrealised gains and losses of Available For Sale Financial Assets of Life Insurance are included under Life Policyholders' Available For Sale Reserve Fund in Equity.

### 6 RESTRICTED REGULATORY RESERVE

As at,	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31st Dec 2025	31st Dec 2024	30th Sep 2025	31st Dec 2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the end of the Year	6.2	<b>381,156</b>	381,156	<b>381,156</b>	381,156

#### 6.1 Nature and Purpose of Reserve

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued Direction No. 16 on 20th March 2018 on "Identification and Treatment of One-off Surplus" and has instructed all Life Insurance Companies to comply with the Direction. Based on the Direction, Life Insurance Companies are allowed to transfer One-off surplus attributable to Policyholders' Non-Participating Fund to Shareholders' Fund. The transfer has been presented as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under Equity in accordance with the Direction above. As required by the said Direction, the Company received the approval for this transfer on 11th May 2018.

#### Surplus created due to Change in Valuation Method

Description		Participating Fund	Non Participating Fund	Total
		Rs. '000	Rs. '000	Rs. '000
Value of Insurance contract liability based on NPV as at 31st December 2015	A	2,988,500	3,856,964	6,845,464
Value of Insurance contract liability based on GPV as at 31st December 2015	B	3,015,001	3,475,808	6,490,809
Zerorisation of Negative Surplus as per Direction No. 16	C	26,501	-	26,501
Surplus created due to Change in Valuation Method				
-One-off Surplus as at 01st January 2016	A-B+C	-	381,156	381,156

The One-off surplus in the Shareholder's Fund will remain invested in Term Deposits as disclosed in Note No. 6.3.2 as per the Direction of IRCSL.

The financial ratios presented in these Condensed Consolidated Interim Financial Statements have been determined in accordance with Sri Lanka Accounting Standards. Additionally, the Company has voluntarily presented financial ratios without One-off Surplus impact. As per the Direction One-off Surplus in respect of Participating business is to be held within the Participating Fund as part of the unallocated valuation surplus and may only be transferred to the Shareholder Fund by means of bonuses to Policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000".

## Notes to the Condensed Consolidated Interim Financial Statements

### 6.2 Distribution of One-off Surplus

6.2.1 Distribution of one-off surplus to shareholders, held as part of the Restricted Regulatory Reserve under equity in the statement of financial position is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL.

### 6.2.2 Composition of Investments Supporting the Restricted Regulatory Reserve as at 31st December 2025

Based on the Direction issued by IRCSL following Instruments have been marked to support the Restricted Regulatory Reserve of the Company.

Asset Category	Fair Value / Carrying Value
As at,	31st Dec 2025
	(Rs. '000)
Term Deposits	381,434

### 7 INSURANCE CONTRACT LIABILITIES - LIFE INSURANCE

As at,	Note	Group		Company	
		Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Life Insurance Fund	7.1	48,870,082	38,337,298	48,870,082	38,337,298
Claims Outstanding		377,920	310,249	377,920	310,249
<b>Total Insurance Contract Liabilities</b>		<b>49,248,002</b>	<b>38,647,547</b>	<b>49,248,002</b>	<b>38,647,547</b>

### 7.1 Insurance Contract Liabilities - Life Insurance Fund

As at,	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
<b>The Movement in the Life Insurance Fund is as follows:</b>				
Balance as at the beginning of the Period	38,337,298	30,676,040	38,337,298	30,676,040
<b>Change in Contract Liabilities Life Fund</b>				
Increase in Life Insurance Fund Before Surplus Distribution to Shareholders	12,447,068	9,029,932	12,447,068	9,029,932
Surplus Distributed to Shareholders	(1,900,000)	(1,350,000)	(1,900,000)	(1,350,000)
Increase in Life Insurance Fund	10,547,068	7,679,932	10,547,068	7,679,932
Effect of Taxation on surplus/Bonus transferred to Policyholders	(14,284)	(18,674)	(14,284)	(18,674)
<b>Balance as at the end of the Period</b>	<b>48,870,082</b>	<b>38,337,298</b>	<b>48,870,082</b>	<b>38,337,298</b>

7.2 Valuation of the Life Insurance Contract Liabilities for the year ended 31st December 2025 was carried out by the Appointed Actuary, Mr. Abhishek Chadha, FIA, for and on behalf of Willis Towers Watson India Private Limited and have ensured adequate provisions have been made in these Condensed Consolidated Interim Financial Statements in line with the Actuarial Valuation. The Group has recognised a profit of Rs. 1,900 Million for the year ended 31st December 2025 (31st December 2024 - Rs. 1,350 Million) from the Life Insurance Business based on the recommendations made by the Life Insurance Appointed Actuary.

### 7.3 Effect of Taxation on surplus/Bonus transferred to Policyholders

According to the section 67 (2) of Inland Revenue Act No. 24 of 2017 which was effective from 01st April 2018, the surplus distributed to a life insurance policyholder who shares the profit of a person engaged in the business of life insurance, as provided in the Regulation of Insurance Industry Act No. 43 of 2000, shall be deemed as gains and profits of the business and shall be taxed at a concessionary rate of 14% for three years of assessment after the commencement of the Act. Due to completion of stipulated concessionary period for the year 2021, the company will be liable for tax at the standard income tax rate on bonus/surplus transferred to policyholders. As per the tax revisions, standard rate of income tax has increased from 24% to 30% with effect from 01st October 2022. Therefore, Company will be liable to tax at the rate of 30% on bonus/surplus transferred to policyholders from the year 2022 onwards. As recommended by the Appointed Actuary, the Company declared

## Notes to the Condensed Consolidated Interim Financial Statements

a bonus of Rs. 47.61 Million in December 2025 (2024 - Rs. 62.25 Million) to Life Insurance policyholders participating in the profits of the Life Insurance business. The Company has charged a tax of Rs. 14.28 Million (2024 - Rs. 18.67 Million) on the said bonus which is payable to the Department of Inland Revenue as of the reporting date.

### 7.4 Liability Adequacy Test

A Liability Adequacy Test (LAT) for Life Insurance contract Liability was carried out by Mr. Abhishek Chadha, FIA, on behalf of Willis Towers Watson India Private Limited, as at 31st December 2025 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the Company discounts all contractual cash flows and compares this amount with the carrying value of the liability. The valuation is based on internationally accepted actuarial methods. According to the Appointed Actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2025. No additional provision was required against the LAT as at 31st December 2025.

### 8 INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE

As at,	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 30th Sep 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Reserves for Net Unearned Premium	3,233,588	2,734,648	-	-
Reserves for Title Insurance	99,689	75,088	-	-
Reserves for Gross Outstanding Claims	3,455,721	1,697,322	-	-
<b>Total Insurance Contract Liabilities</b>	<b>6,788,998</b>	<b>4,507,058</b>	-	-

8.1 Valuation of the IBNR/IBNER was carried out by the Appointed Actuary, Ms. Sipika Tandon Mathur, FIA, as at 31st December 2025 for and on behalf of Willis Towers Watson India Private Limited. The Appointed Actuary have ensured that adequate provisions have been made in these Condensed Consolidated Interim Financial Statements.

### 8.2 Liability Adequacy Test

A Liability Adequacy Test (LAT) for the General Insurance Contract Liability was performed by the Appointed Actuary, Ms. Sipika Tandon Mathur, FIA, for and on behalf of Willis Towers Watson India Private Limited as at 31st December 2025 as required by SLFRS 4 - Insurance Contracts. According to the Appointed Actuary's report, HNB General Insurance Ltd adequately satisfies the LAT requirement as at 31st December 2025. No additional provision is required against LAT as at 31st December 2025.

### 9 GROSS WRITTEN PREMIUM

For the Year Ended,	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
<b>Life Insurance</b>				
Individual Policies	18,709,086	13,187,037	18,709,086	13,187,037
Corporate Policies	780,884	522,618	780,884	522,618
Adjustment for Inter Company Premiums	(35,949)	(55,720)	-	-
Gross Written Premium - Life Insurance	19,454,021	13,653,935	19,489,970	13,709,655
<b>General Insurance</b>				
Fire	2,398,024	1,885,932	-	-
Motor	5,982,467	4,775,374	-	-
Marine	378,337	327,135	-	-
Miscellaneous	2,246,329	2,133,105	-	-
Adjustment for Inter Company Premiums	(8,781)	(37,487)	-	-
Gross Written Premium - General Insurance	10,996,376	9,084,059	-	-
<b>Total Gross Written Premium</b>	<b>30,450,397</b>	<b>22,737,994</b>	<b>19,489,970</b>	<b>13,709,655</b>

## Notes to the Condensed Consolidated Interim Financial Statements

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000
<b>Life Insurance</b>				
Individual Policies	5,544,412	3,605,399	5,544,412	3,605,399
Corporate Policies	196,126	128,175	196,126	128,175
Adjustment for Inter Company Premiums	(5,929)	(18,883)	-	-
Gross Written Premium - Life Insurance	<b>5,734,609</b>	<b>3,714,691</b>	<b>5,740,538</b>	<b>3,733,574</b>
<b>General Insurance</b>				
Fire	432,876	402,720	-	-
Motor	1,609,437	1,198,829	-	-
Marine	178,785	83,202	-	-
Miscellaneous	599,848	694,086	-	-
Adjustment for Inter Company Premiums	(230)	(5,360)	-	-
Gross Written Premium - General Insurance	<b>2,820,716</b>	<b>2,373,477</b>	-	-
<b>Total Gross Written Premium</b>	<b>8,555,325</b>	<b>6,088,168</b>	<b>5,740,538</b>	<b>3,733,574</b>

### 10 INTEREST AND DIVIDEND INCOME

<i>For Year Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Interest Income	8,171,776	7,538,650	7,451,640	6,774,752
Dividend Income	41,262	23,228	41,262	23,196
<b>Total</b>	<b>8,213,038</b>	<b>7,561,878</b>	<b>7,492,902</b>	<b>6,797,948</b>

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000
Interest Income	2,170,182	1,934,034	1,990,846	1,750,003
Dividend Income	2,595	2,535	2,595	2,535
<b>Total</b>	<b>2,172,777</b>	<b>1,936,569</b>	<b>1,993,441</b>	<b>1,752,538</b>

### 11 INCOME TAX EXPENSE

<i>For the Year Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Income Tax Charge	(996,263)	(830,996)	(907,501)	(701,378)
Under Provision of Income Taxes in respect of prior Year	(197)	(3,639)	-	(381)
Deferred Income Tax - Recognised through Profit or Loss	(4,088)	18,575	-	-
<b>Total Tax charge in Profit or Loss</b>	<b>(1,000,548)</b>	<b>(816,060)</b>	<b>(907,501)</b>	<b>(701,759)</b>
<b>Deferred tax related to items charged or credited directly to other comprehensive income</b>				
Deferred tax on net change in debt instruments categorised under Available for Sale Financial Investments	2,021	(356)	-	-
Deferred Tax on Actuarial Losses on Employee Defined Benefit Plans	(3,591)	(1,419)	-	-
Deferred Tax on Revaluation Gains of Land and Buildings	-	(3,545)	-	-
<b>Total Tax charge in Other Comprehensive Income</b>	<b>(1,570)</b>	<b>(5,320)</b>	<b>-</b>	<b>-</b>

## Notes to the Condensed Consolidated Interim Financial Statements

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000
Income Tax Charge	(661,127)	(495,371)	(648,939)	(477,028)
Under Provision of Income Taxes in respect of prior Year	(197)	(3,639)	-	(381)
Deferred Income Tax - Recognised through Profit or Loss	(7,670)	10,338	-	-
<b>Total Tax charge in Profit or Loss</b>	<b>(668,994)</b>	<b>(488,672)</b>	<b>(648,939)</b>	<b>(477,409)</b>
<b>Deferred tax related to items charged or credited directly to other comprehensive income</b>				
Deferred tax on net change in debt instruments categorised under Available for Sale Financial Investments	2,846	(19,095)	-	-
Deferred Tax on Actuarial Losses on Employee Defined Benefit Plans	(3,591)	(1,419)	-	-
Deferred Tax on Revaluation Gains of Land and Buildings	-	(3,545)	-	-
<b>Total Tax charge in Other Comprehensive Income</b>	<b>(745)</b>	<b>(24,059)</b>	<b>-</b>	<b>-</b>

### Income Tax

As per the Inland Revenue (Amendment) Act No 45 of 2022 income tax rates applicable to Company and Subsidiary is 30%.

### Deferred Tax Assets

The Subsidiary carried a deferred tax asset of Rs. 9.12 Million as at 31st December 2025. (2024 - Rs. 14.8 Million)

## 12 PROFIT FOR THE YEAR

<i>For the Year Ended,</i>	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
<b>Company - HNB Assurance PLC</b>		
Surplus Transferred from Life Policyholders' Fund to Shareholders' Fund	1,900,000	1,350,000
Profit Before Tax from Life Shareholders' Fund	1,130,236	1,008,470
Income Tax Expense	(907,501)	(701,759)
<b>Profit for the Year</b>	<b>2,122,735</b>	<b>1,656,711</b>
<b>Subsidiary - HNB General Insurance Ltd</b>		
Profit Before Tax	355,043	354,451
Income Tax and Deferred Tax Expense	(93,047)	(114,301)
<b>Profit for the Year</b>	<b>261,996</b>	<b>240,150</b>
<b>Profit for the Year - Group</b>	<b>2,384,731</b>	<b>1,896,861</b>

## Notes to the Condensed Consolidated Interim Financial Statements

<i>For the Three Months Ended,</i>	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000
<b>Company - HNB Assurance PLC</b>		
Surplus Transferred from Life Policyholders' Fund to Shareholders' Fund	1,900,000	1,350,000
Profit Before Tax from Life Shareholders' Fund	254,476	233,724
Income Tax Expense	(648,939)	(477,409)
<b>Profit for the Period</b>	<b>1,505,537</b>	<b>1,106,315</b>
<b>Subsidiary - HNB General Insurance Ltd</b>		
Profit Before Tax	102,636	67,078
Income Tax and Deferred Tax Expense	(20,056)	(11,263)
<b>Profit for the Period</b>	<b>82,580</b>	<b>55,815</b>
<b>Profit for the Period - Group</b>	<b>1,588,117</b>	<b>1,162,130</b>

### 13 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic Earnings Per Share is calculated by dividing the profit after tax for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. 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.

<i>For the Year Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025	Audited 31st Dec 2024	Unaudited 31st Dec 2025	Audited 31st Dec 2024
Profit for the Year (Rs. '000)	2,384,731	1,896,861	2,122,735	1,656,711
Weighted average number of ordinary shares ('000)	150,000	150,000	150,000	150,000
Basic and Diluted Earnings Per Share (Rs.)	15.90	12.65	14.15	11.04

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025	Unaudited 31st Dec 2024	Unaudited 31st Dec 2025	Unaudited 31st Dec 2024
Profit for the Period (Rs. '000)	1,588,117	1,162,130	1,505,537	1,106,315
Weighted average number of ordinary shares ('000)	150,000	150,000	150,000	150,000
Basic and Diluted Earnings Per Share (Rs.)	10.59	7.75	10.04	7.38

### 14 RELATED PARTY DISCLOSURES

#### 14.1 Transactions and Outstanding Balances with the Parent and Ultimate Controlling Party - Hatton National Bank PLC

Transactions	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
<i>For the Year Ended,</i>				
Insurance Premium	257,417	230,828	13,980	-
Claims Incurred	95,910	80,172	47,689	49,354
Investment Income	205,820	526,380	159,621	486,205
Referral fees	1,197,689	791,087	1,017,914	634,177
Rent and Other Operational Expenses	26,236	25,894	17,692	16,591
Dividend Paid	350,918	350,918	350,918	350,918

## Notes to the Condensed Consolidated Interim Financial Statements

Outstanding Balances <i>As at,</i>	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Investments Balance (Includes Deposits and Debentures)	<b>1,996,109</b>	1,899,734	<b>1,330,692</b>	1,571,387
Cash at Bank Balances	<b>866,613</b>	939,252	<b>496,207</b>	620,890
Premium Receivable	<b>1,748</b>	210	<b>1,267</b>	-
Referral fees Payable	<b>151,659</b>	133,934	<b>119,598</b>	111,091
Rent and Other Operational Expenses Payable	<b>778</b>	1,567	<b>666</b>	801

### 14.2 Transactions and Outstanding Balances with the Subsidiary Company - HNB General Insurance Ltd.

Transactions <i>For the Year Ended,</i>	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000
Insurance Premium	<b>35,949</b>	55,720
Insurance Expenses	<b>8,781</b>	37,487
Claims Received	<b>81</b>	278
Claims Paid	<b>5,579</b>	4,200
Reimbursement Expenses Relating to Employees	<b>88,792</b>	93,097
Other Reimbursement Expenses	<b>231,778</b>	272,396
Fund Management Fee	<b>18,834</b>	17,351
Profit Commission Expense	<b>8,266</b>	16,533
<b>Outstanding Balances <i>As at,</i></b>	<b>Unaudited 31st Dec 2025 Rs. '000</b>	<b>Audited 31st Dec 2024 Rs. '000</b>
Premium Payable to HNB General Insurance Ltd	<b>6</b>	8,541
Receivable from HNB General Insurance Ltd	<b>24,897</b>	25,874

### 14.3 Transactions and Outstanding Balances with/between Subsidiary Companies of the Ultimate Controlling Party

Transactions <i>For the Year Ended,</i>	Group		Company	
	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000	Unaudited 31st Dec 2025 Rs. '000	Audited 31st Dec 2024 Rs. '000
Insurance Premium	<b>112,142</b>	163,138	<b>(1,467)</b>	44,312
Claims Incurred	<b>40,853</b>	51,927	<b>8,673</b>	30,673
Investment Income	<b>240,549</b>	106,076	<b>199,656</b>	85,126
Referral fees and other operating expenses	<b>24,286</b>	22,845	<b>2,974</b>	4,100
<b>Outstanding Balances <i>As at,</i></b>	<b>Unaudited 31st Dec 2025 Rs. '000</b>	<b>Audited 31st Dec 2024 Rs. '000</b>	<b>Unaudited 31st Dec 2025 Rs. '000</b>	<b>Audited 31st Dec 2024 Rs. '000</b>
Investments Balance (Includes Deposits, Debentures and Repo)	<b>4,644,898</b>	1,008,529	<b>4,179,620</b>	808,711
Cash at Bank Balances	<b>50</b>	50	<b>50</b>	50
Premium Receivable	<b>1,535</b>	8,768	<b>396</b>	-
Referral fees Payable	<b>3,789</b>	4,078	<b>-</b>	6

### 14.4 Transactions with Key Management Personnel/Directors of the Group or its Parent Hatton National Bank PLC

<i>For the Year Ended,</i>	Unaudited 31st Dec 2025 Rs. '000	Unaudited 31st Dec 2024 Rs. '000
Director Fee	<b>37,035</b>	31,420
Short-term and Post Employment Benefits	<b>121,977</b>	109,720
Insurance Premium	<b>1,970</b>	3,124
Claims Paid including Maturities	<b>105</b>	1,025

## Notes to the Condensed Consolidated Interim Financial Statements

### Appointment of Executive Directors

The Chief Executive Officer of HNB Assurance PLC, Mr. Pawla Hewage Lasitha Niroshan Wimalaratne was appointed as an Executive Director of HNB Assurance PLC w.e.f. 3rd July 2025.

The Chief Executive Officer of HNB General Insurance Limited, Mr. Sithumina Jayasundara was appointed as an Executive Director of HNB General Insurance Limited w.e.f. 2nd July 2025.

Ms. Wijesingha Arachchige Poomima Anuradhi Ranawaka was appointed as Non-Executive /Non-Independent Director of HNB Assurance PLC w.e.f. 1st October 2025.

The nature of the related party transactions in the current period was similar to those reported in the Audited Financial Statements for the year ended 31st December 2024, except for the above changes.

## 15 EVENTS OCCURRING AFTER THE REPORTING DATE

### Ceased to be a Board of Director

Mr. Prawira Rimoe Saldin, who served as a Non Independent / Non Executive Director of HNB Assurance PLC ceased to be a Director w.e.f. 16th January 2026.

### Change of Board Secretary

Ms. Jansenidevi Sundararajan Kuhanesan was appointed as the new Board Secretary of HNB Assurance PLC w.e.f. 23rd January 2026.

Ms. Abhayalankara Herath Mudiyanseelage Nirosha Madhubhashini Bakmedeniya ceased to be the Board Secretary of HNB Assurance PLC w.e.f. 23rd January 2026.

### Proposed First and Final Dividend

The Board of Directors has recommended a payment of Rs. 5.00 per share as first and final dividend on 24th February 2026 for the year ended 31st December 2025 (2024-first and final dividend Rs. 3.90 per share) which is subject to the approval of the shareholders at the Annual General Meeting to be held on 30th March 2026.

Other than mentioned above there have been no material events that occurred after the reporting date that require adjustments or disclosure in these Condensed Consolidated Interim Financial Statements.

## 16 CAPITAL COMMITMENTS

The Group has committed an expense of Rs. 296.64 Million as at 31st December 2025 for purchase of computer hardware, software and other equipment (As at 31st December 2024 – Rs.465.51 Million for the purchase of computer hardware, software and Other equipment).

As at end of the financial year, other than the disclosed above no material capital expenditure approved by the Board of Directors and contracted for which no provision has been made in the Condensed Consolidated Interim Financial Statements.

## Notes to the Condensed Consolidated Interim Financial Statements

### 17 CONTINGENCIES

#### 17.1 Income Tax

The Company has received Income Tax Assessments for Life Insurance Taxation for the years of assessment 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22.

The Tax Appeals Commission has issued determinations in favor of IRD for the years of assessments 2011/12, 2012/13, 2014/15 and 2017/18 totaling to Rs. 1,158 Mn including interest and penalties of Rs. 144 Mn. This includes loss adjustment of Rs. 588 Mn relating to the years of assessments 2011/12 and 2012/13. The Company dissatisfied with these determinations of the Tax Appeals Commission and filed appeals against those determinations in the Court of Appeal. The Court of Appeal delivered a favorable judgment in respect of the Years of Assessment 2011/12, 2012/13, and 2014/15 on 19 February 2026.

Income tax assessments in relation to the year of assessment 2018/19, 2019/20 and 2020/21 totaling to Rs. 1,735 Mn including interest and penalties of Rs. 907 Mn are in the process of hearing with the Tax Appeals Commission.

Income tax assessment for the year of assessment 2015/16 and 2021/22 totaling to Rs. 748 Mn including interest and penalties of Rs. 256 Mn is awaiting for CGIR determination.

Assessments raised on the Company for 2013/14 and 2016/17 totaling to Rs. 422 Mn were determined by Tax Appeals Commission in favour of the Company by allowing the appeals, annulling the assessments, and setting aside the determinations of CGIR. The CGIR has lodged cases with the Court of Appeal for these assessments.

In the view of the Company and its Tax Consultants, these Assessments do not conform to the description of requirements stated under Section 92 of Inland Revenue Act, No. 10 of 2006 and Section 67 of the Inland Revenue Act No. 24 of 2017. Further, the basis for these Income Tax Assessments has been same for all Life Insurance companies in the insurance industry.

Subsidiary Company HNB General Insurance Limited also received income tax assessments for the years of assessment 2018/19 and 2019/20.

Income tax assessment for the year of assessment 2018/2019 and 2019/20 totaling to Rs. 142 Mn including interest and penalty of Rs. 75 Mn are in the process of hearing with the Tax Appeals Commission.

#### 17.2 VAT & NBT On Financial Services

The Company received Eight Notices of Assessments on VAT and NBT on Financial Services (FS) for the taxable periods 01.01.2014 to 31.12.2014, 01.01.2015 to 31.12.2015, 01.01.2016 to 31.12.2016, 01.01.2017 to 31.12.2017, 01.01.2018 to 31.12.2018, 01.01.2019 to 31.12.2019, 01.01.2021 to 31.12.2021 and 01.01.2022 to 31.12.2022.

The assessment issued relating to VAT on Financial Services (VAT on FS) for the taxable periods 01.01.2014 to 31.12.2014 and 01.01.2018 to 31.12.2018 amounting to Rs. 130.45 Mn, including penalties of Rs. 43.48 Mn are in the process of hearing with the Tax Appeals Commission.

The assessments for the taxable period 01.01.2019 to 31.12.2019, 01.01.2021 to 31.12.2021 and 01.01.2022 to 31.12.2022 totaling to Rs. 434.1 Mn including penalties of Rs. 144.7 Mn is still with CGIR and awaiting the CGIR determination.

The VAT/NBT on FS assessments raised on the Company for 01.01.2015 to 31.12.2015, 01.01.2016 to 31.12.2016 and 01.01.2017 to 31.12.2017 with tax in dispute and penalties totaling to Rs. 141.91 Mn including penalty of Rs. 50.1 Mn were determined by Tax Appeals Commission in favour of the Company by allowing the appeals, annulling the assessments and setting aside the determinations of CGIR.

Further, subsidiary Company HNB General Insurance Limited also received VAT on FS Assessments for taxable periods

## Notes to the Condensed Consolidated Interim Financial Statements

01.01.2018 to 31.12.2018, 01.01.2019 to 31.12.2019, 01.01.2021 to 31.12.2021, 01.01.2022 to 31.12.2022 and 01.01.2023 to 31.12.2023.

The assessment issued relating to VAT on Financial Services (VAT on FS) for the taxable period 01.01.2019 to 31.12.2019 amounting to Rs. 17.07 Mn, including penalty of Rs. 5.7 Mn is in the process of hearing with the Tax Appeals Commission.

The assessments for the taxable period 01.01.2021 to 31.12.2021, 01.01.2022 to 31.12.2022 and 01.01.2023 to 31.12.2023 totaling to Rs. 82.68 Mn including penalties of Rs. 27.63 Mn is still with CGIR and awaiting the CGIR determination.

The VAT on FS assessment raised on the subsidiary company for 01.01.2018 to 31.12.2018 with tax in dispute and penalties amounting to Rs. 15.61 Mn, including penalty of Rs. 5.20 Mn were determined by Tax Appeals Commission in favour of HNB General Insurance Limited by allowing the appeal, annulling the assessment and setting aside the determination of CGIR. The CGIR has lodged cases with the Court of Appeal for these assessments. The subsidiary Company has taken the relevant legal steps in this matter.

The Company and its Subsidiary have duly appealed for all assessments as the Group's stance is that, it is in the business of Insurance hence it is not liable for VAT or NBT on FS. Other insurers have also received similar assessments and have appealed against them. As an outflow of resources is not expected, no provision is made in the Financial Statements.

### 17.3 Value Added Tax (VAT) On Reinsurance

The Company received an Assessment on Value Added Tax (VAT) on Reinsurance Claims during 2013 from the IRD for the year of Assessment 2010/2011 amounting to Rs. 21.99 Mn for which company has filed responses in IRD and subsequently with TAC. The TAC has granted their final determination during 2018 in favor of IRD. The Company has filed a case in the Court of Appeal and the case is yet to be determined by the Court of Appeal.

### 17.4 Other taxes

The Company and its Subsidiary have received VAT notice of assessments. The Company has duly appealed against these Assessments in consultation with the Tax Consultants on the basis that no proper reasons were communicated as to why the penalty and default notices were raised against the Company. As such no provision has been made in the Financial Statements for the tax in dispute and penalty which amounts to Rs. 15.14 Mn. Further, the Subsidiary company, HNB General Insurance Limited, has received tax assessments and penalties amounting to Rs. 481.81 Mn on VAT returns filed and the subsidiary has duly appealed against the assessments.

HNB General Insurance Limited received an Assessment on Social Security Contribution Levy (SSCL) from the IRD for the year of Assessment 2023/2024 amounting to Rs. 6.12 Mn including penalty of Rs. 3.28 Mn for which the Subsidiary Company has Appealed against IRD.

The Company has received two demanding payments on Withholding Tax (WHT) from the IRD for the year of Assessments 2022/2023 and 2023/2024 amounting to Rs. 9.07 Mn and the Subsidiary has received a demanding payment for WHT from IRD for the year of Assessment 2023/2024 amounting to Rs. 0.13 Mn for which the Company and its Subsidiary have appealed against these assessments in consultation with Company's Tax Consultant to IRD.

Management and the Company's and its Subsidiary's Tax Consultants are of the view that the company has followed the due process and acted in accordance with the prevailing laws in its tax compliances and therefore, the probability of the Company and its Subsidiary are having to settle any of above tax assessments detailed under Note 17.1 to 17.4 is very low. As an outflow of resources is not expected, no provision is made in the Financial Statements.

## Share Information

### Top 20 Shareholders

Name of the Shareholder	31st December 2025		30th September 2025	
	Shareholding	% on Issued Shares	Shareholding	% on Issued Shares
1 Hatton National Bank PLC A/C No. 1	89,979,000	59.99	89,979,000	59.99
2 Ceylon Guardian Investment Trust PLC A/C No. 02	6,023,511	4.02	6,531,394	4.35
3 J.B. Cocoshell (Pvt) Ltd	2,319,220	1.55	2,319,220	1.55
4 Mrs. A. Selliah	2,250,000	1.50	1,500,000	1.00
5 Employees Trust Fund Board	2,191,221	1.46	2,643,294	1.76
6 Mr. V. Sharda	2,075,000	1.38	1,625,000	1.08
7 Mr. M.F. Hashim	1,824,737	1.22	1,824,737	1.22
8 Thread Capital (Pvt) Ltd	1,503,476	1.00	1,503,476	1.00
9 Ceylon Investment Plc A/C No. 02	1,387,719	0.93	1,587,174	1.06
10 Arunodhaya Investments (Pvt) Ltd	1,350,000	0.90	1,350,000	0.90
11 Arunodhaya Industries (Pvt) Ltd	1,350,000	0.90	1,350,000	0.90
12 Arunodhaya (Pvt) Ltd	1,350,000	0.90	1,350,000	0.90
13 Mr. J.P. Paul	819,754	0.55	728,956	0.49
14 Andysel (Pvt) Ltd	750,000	0.50	750,000	0.50
15 Mr. K. Aravinthan	750,000	0.50	-	-
16 Corporate Holdings (Pvt) Ltd A/C No.01	735,309	0.49	735,309	0.49
17 Dr. S. Selliah	600,000	0.40	600,000	0.40
18 Corporate Holdings (Pvt) Ltd A/C No.02	573,969	0.38	573,969	0.38
19 Rubber Investment Trust Ltd A/C No. 01	572,779	0.38	572,779	0.38
20 Commercial Bank Of Ceylon PLC A/C No. 03	513,000	0.34	513,000	0.34

### Public Shareholding

	31st December 2025	31st December 2024
* Float Adjusted Market Capitalisation (Rs.)	6,887,295,230	4,807,602,160
Percentage of Shares held by the Public	40.013%	40.013%
Number of Public Shareholders	4,561	3,893

The Company complies the minimum public Shareholding requirement under option 3 of section 7.13.1(i)(a)(1) of the Listing Rules as at 31st December 2025. (As at 31/12/2024 - Complied under option 4)

\* Float Adjusted Market Capitalisation = Market Capitalisation X Public Holding Percentage

## Share Information (Contd.)

### Shareholdings of Directors and Chief Executive Officer

Name	No. of Shares 31st Dec 2025	No. of Shares 31st Dec 2024
Mr. S.A. Chapman (Chairman)	500	500
Mr. A. Goonesekere (Senior Independent Director)	Nil	Nil
Mr. L.U.D. Fernando	Nil	Nil
Mr. L.H.A.L. Silva	Nil	Nil
Dr. P.S. Gamwarige	Nil	Nil
Mr. P.R. Saldin*	Nil	Nil
Prof. A.K.W. Jayawardane	Nil	Nil
Mr. P.H.L.N. Wimalaratne (Chief Executive Officer/Executive Director)	Nil	Nil
Ms. W.A.P.A.Ranawaka	Nil	Nil

\* Mr. P.R. Saldin ceased to be a Director w.e.f. 16th January 2026.

### Number of Shares

No. of shares representing the Stated Capital	150,000,000
Class of Share	Ordinary
Voting Rights	One vote per Ordinary Share

### Share Performance

As at,	31st Dec 2025 Rs.	31st Dec 2024 Rs.
Net Asset Value Per Share - Group	94.22	83.45
Net Asset Value Per Share - Company	81.29	72.06
Net Asset Value Per Share without Restricted Regulatory Reserve - Group	91.68	80.91
Net Asset Value Per Share without Restricted Regulatory Reserve - Company	78.75	69.52
<b>For the Three Months Ended 31st December,</b>	<b>2025 Rs.</b>	<b>2024 Rs.</b>
Highest Price Per Share	125.00	82.00
Lowest Price Per Share	98.10	58.00
Last Traded Price Per Share	114.75	80.10