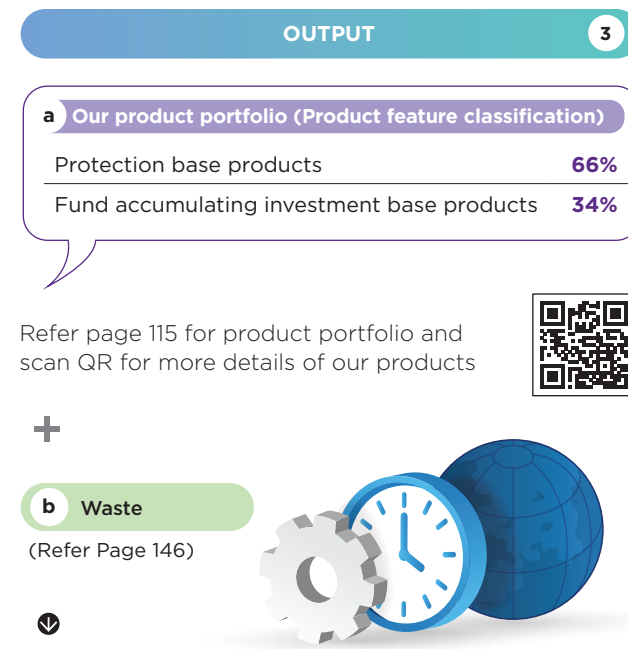


OUR VALUE CREATING BUSINESS MODEL

GRI 201-1



Financial Capital - Statement of capital position Table 1

Measurement Criteria	Unit	Outcome 31.12.2023	Input 31.12.2022	G%
Total Equity	Rs Mn	13,333	10,873	23%
Financial investments	Rs Mn	43,500	42,600	2%
Market capitalisation	Rs Mn	20,175	32,475	-38%
Total Assets	Rs Mn	51,339	48,248	6%
Insurance contract liabilities	Rs Mn	27,925	25,339	10%

Human Capital - Statement of capital position Table 2

Measurement Criteria	Unit	Outcome 31.12.2023	Input 31.12.2022	G%
No of employees	No	985	999	-1%
% of Female employees	%	32	29	3
No of senior management employees	No	25	26	-4%

Social & Relationship Capital - Statement of capital position Table 3

Measurement Criteria	Unit	Outcome 31.12.2023	Input 31.12.2022	G%
No of policies in force	No	733,002	844,398	-13%
No of new policies issued	No	74,827	133,872	-44%
Sales staff	No	3,214	3,247	-1%
MDRT qualifiers	No	263	263	0%
No of reinsurers	No	5	6	-17%
No of suppliers	No	277	228	21%
Value of lives covered	Rs Bn	1,257	1,239	1%

Intellectual Capital - Statement of capital position Table 4

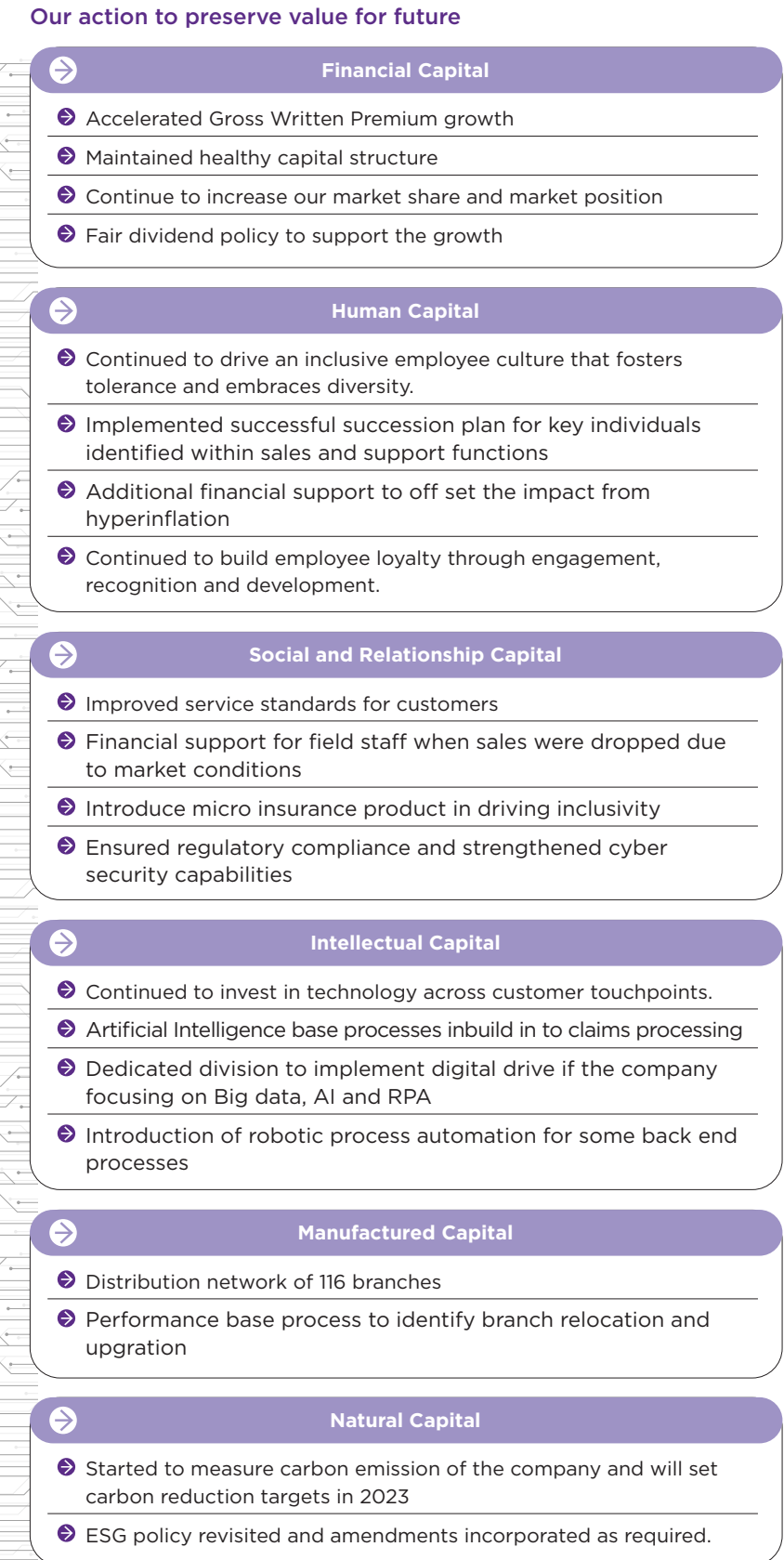
Measurement Criteria	Unit	Outcome 31.12.2023	Input 31.12.2022	G%
Our employees	NO	985	999	-1%
Investment in intangible assets	Rs Mn	0.52	1.8	-71%

Manufactured Capital - Statement of capital position Table 5

Measurement Criteria	Unit	Outcome 31.12.2023	Input 31.12.2022	G%
Number of branches	No	116	103	13%
Net book value of capital assets	Rs Mn	707	579	22%

Natural Capital - Statement of capital position Table 6

Measurement Criteria	Unit	Outcome 31.12.2023	Input 31.12.2022	G%
Papers Recycled	Kg	5,253	362	1,352%
Electricity Consumption	KJMN	7,028	5,700	23%
Water Consumption	M3	14,713	12,147	21%





As a Life Insurer, our business model revolves around accepting, managing, and sharing risk. We leverage cutting-edge technology throughout our business processes to ensure thorough assessment and acceptance of risk within our risk appetite. We share risk with reinsurers to secure customer claims and benefits. Additionally, we continuously innovate to enhance the customer experience, striving to raise standards every day. We have introduced numerous digital options for customers to easily access our services when needed.

The effective implementation of this business model will generate value for the company's key stakeholders, particularly shareholders, customers, and employees, as well as other stakeholders such as suppliers, financiers, and regulators. Rooted in the company's business philosophies across its operating segments, the business model sets the company apart from its industry peers, characterized by its unique DNA. This distinction provides a sustainable, competitive advantage.

OUR VALUE CREATING BUSINESS MODEL

Sharing and managing risk is central to what we do. Understanding, measuring and modelling risks helps us to price risk fairly and offer competitive premiums to customers who also look to us to provide expertise aimed at mitigating their risk.




RISK POOLING



We accept our customers' risk at a price and in the event of an unfortunate occurrence, we provide financial assistance to customers through a large fund base (the Life fund)-to which many other customers contribute-in order to transfer their risk to Softlogic Life. This mechanism is called "Risk Pooling" and it is one of the Company's core activities.

INVESTMENT MANAGEMENT

The fund base we collect through risk-pooling is then invested in interest-generating assets, to earn investment income. The income received then accumulates to individual customers' fund balance as "policyholder bonus" or "policyholder dividend" declarations. Accordingly, at maturity, the customer is entitled to the investment return on the premium paid.

In order to perform above key activities there are a number of sub activities we need to perform within our business process. Managing these activities are critical to execute our strategies and achieve KPIs linked to each strategic pillar. Below analysis showcase key activities need to perform under each strategic pillar and supported with relevant KPIs we regularly monitor

RISK MANAGEMENT	Risk assessment and product development	Re-insurance	Investment management											
	<p>What we do:- Analyse market needs, design product features, decide on risk pooling mechanism and get regulatory approval to launch the product. IT systems are modified as required.</p> <p>Value Creation:- Customer gets comprehensive protection at competitive price / Revenue increase due to market acceptability of the product.</p> <p>Impact to:-</p> 	<p>What we do:- Excess risk to Company's risk appetite on policyholders is reinsured with the reinsurance panel. The arrangement could be facultative arrangement or Treaty arrangement.</p> <p>Value creation:- Financial backup for unexpected risks, Customer comfort on claim recovery</p> <p>KPI:- Financial Rating "A" or above</p> <table border="1" data-bbox="667 1312 1036 1396"> <tr> <td>100%</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>2023</td> <td>2022</td> <td>2021</td> </tr> </table> <p>Impact to :-</p> 	100%	100%	100%	2023	2022	2021	<p>What we do:- Matching assets to liability on short, medium and long term and generate adequate yield on investment fund</p> <p>Value creation:- Regulatory compliance and comfort on recoverability of the investment</p> <p>KPI:- Minimum investment in Government Securities 30% (From Life fund)</p> <table border="1" data-bbox="1083 1312 1451 1396"> <tr> <td>96%</td> <td>67%</td> <td>41%</td> </tr> <tr> <td>2023</td> <td>2022</td> <td>2021</td> </tr> </table> <p>Impact to :-</p> 	96%	67%	41%	2023	2022
100%	100%	100%												
2023	2022	2021												
96%	67%	41%												
2023	2022	2021												

MOST CARING LIFE INSURER	Prospecting	Customer need analysis
	<p>What we do:- Understand background of prospective customers, conduct sales interview to design best suited product and relevant documentation.</p> <p>Value creation:- Customer covered his risk appropriately</p> <p>Impact to:-</p> 	<p>What we do:- Understand customer insurance need and financial capacity to match suitable product.</p> <p>Value Creation:- Provide best suited product to his satisfaction</p> <p>Impact to:-</p> 

PHENOMENAL SALES

Sales through distribution channel

What we do:- Sell our products through field staff, banks, mobile platform of Dialog, Sri Lanka Postal Department and Insurance brokers.

Value creation:- Revenue generation and income for field staff and distributors

KPI:- Achieving the sales targets

92%	98%	107%
2023	2022	2021

Impact to:-

SMART IT DIGITALISATION AND KINGS OF DATA

Underwriting

Claim processing

What we do:- Assess policyholder risk profile and Ensure appropriate price is charged

Value creation:- Regulatory compliance and comfort on recoverability of the investment

KPI:- Underwrite 75% of proposals within one day (%)

77%	68%	76%
2023	2022	2021

Impact to :-

What we do:- Validate claim with policy criteria, real-time processing of claim payments

Value creation: Customer gets financial assistance when it is really required and customer satisfaction

KPI:- More than 80% one day claim settlement (%)

75%	95%	94%
2023	2022	2021

Impact to :-

GOVERNANCE

Capital management

Fund valuation

What we do:- Maintaining adequate capital as per the guidelines issued by IRCSL

Value creation:- Ensure liquidity of the business

KPI:- Capital Adequacy Ratio (CAR) above 120%

367%	287%	395%
2023	2022	2021

Impact to :-

What we do:- Appointed external Actuary to value the Life fund and difference between experience in assumptions used in previous valuation and current valuation is recognized as surplus

Value creation:- Ensure future ability to generate profits

KPI:- New business margin percentage and embedded value

Impact to :-

OUR DIFFERENTIATION

Innovation is the key differentiator of SLI in the market where Company introduced many industry first processes and technologies in Sri Lanka as summarised on the pages 22 to 23..

INNOVATION AND ADOPTABILITY

Adoptability of our business model is proved through maintaining continuous growth despite the challenges in external environment. We have created

an innovation driven culture within our organization and was able to introduce many industry first innovations as listed on page 22 of this report.

DEVELOPING OUR PEOPLE

In light of above innovation driven culture and rapid changes we do within our business process to set new benchmark in the industry the management has acknowledge the fact that we should develop our people

regularly and keep them ready to accept new challenges of tomorrow. Our effort development is discussed in detailed under Human Capital on page 98.

ENGAGE OUR STAKEHOLDERS

We are aware that our action will directly affect our stakeholders in many ways. Therefore we have established a structured process to regularly engage with our stakeholders which is described in detail on page 72 of this report.