

A Force *of* Light:

Leading With A Purpose

A Force *of* Light:

Leading With A Purpose

This year has been a winning one for Janashakthi Life and we are proud of the transformative journey we have undertaken over the last few years to be one of the nation's leading life insurance providers.

For over 27 years, Janashakthi Life has been led by a purpose to uplift lives and empower businesses and individuals to achieve their dreams. In making this a reality, we have aimed to provide solutions that go beyond the traditional boundaries of protection, offering our customers services that add value and security, especially during difficult times.

Today, our journey as a purpose led insurer carries our legacy, as a force of light for the nation that continues to shine bright - backed by the outcomes of our success, the continued trust of our stakeholders and the inspiring commitment of the Janashakthi family.



JANASHAKTHI
Life

Contents

ABOUT US

- 3 Our Purpose
- 4 Operational Highlights
- 6 Our Journey of Resilience

YEAR IN REVIEW

- 8 About Our Integrated Report
- 10 Deputy Chairman's Message
- 14 Chief Executive Officer's Review
- 19 Tribute to Our Beloved Chairman
Late Mr. Anil Tittawella
- 20 Board of Directors
- 24 Corporate Management
- 28 Senior Management

RISK AND GOVERNANCE

- 30 Risk Management Process
- 36 Corporate Governance
- 63 Engaging with our Stakeholders
- 69 Materiality Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

- 72 Financial Capital
- 79 Manufactured Capital
- 82 Human Capital
- 90 Social and Relationship Capital
- 97 Intellectual Capital
- 102 Natural Capital

COMMITTEE REPORTS

- 106 Report of the Board Audit Committee (BAC)
- 109 Report of the Human Resource and Remuneration
Committee
- 111 Report of the Board Nomination Committee
- 112 Report of the Related Party Transaction Review
Committee
- 114 Board of Director's Statement on Internal Controls

FINANCIAL STATEMENTS

- 116 Financial Calendar
- 118 Annual Report of the Board of Directors on the
Affairs of the Company
- 123 Actuarial Report - Janashakthi Insurance PLC
- 124 Actuarial Report - Former National Insurance
Corporation Ltd
- 125 Statement of Directors' Responsibility on Financial
Reporting
- 126 Chief Executive Officer's and Chief Financial
Officer's Responsibility Statement
- 128 Independent Auditors' Report
- 132 Statement of Financial Position
- 133 Income Statement
- 134 Statement of Other Comprehensive Income
- 135 Statement of Changes in Equity
- 136 Statement of Cash Flows
- 137 Notes to the Statement of Cash Flows
- 138 Statement of Financial Position - Supplemental
(Life Insurance Fund of The Former National
Insurance Corporation Ltd)
- 139 Underwriting Results - Supplemental
- 140 Notes to the Financial Statements
- 189 Risk Management

SUPPLEMENTARY INFORMATION

- 202 Statement of Solvency
- 203 Shareholder Information
- 209 Decade at Glance - Income Statement
- 210 Decade at Glance - Statement of Financial Position
- 211 Glossary of Insurance Terms
- 214 Branches
- 216 Notice of Meeting
- 217 Form of Proxy

Our Purpose



“UPLIFTING LIVES AND EMPOWERING YOUR DREAMS”

Our corporate purpose is a true reflection of the creative vision and pioneering spirit that brought to life the Janashakthi story and has today become the fuel that drives the entire Janashakthi Life family to success.

In our journey of uplifting lives and empowering dreams of millions across the nation, our goal is to illuminate their lives and pave the path to a better tomorrow and a life full of purpose.

Our commitment to our customers is served by the members of our Janashakthi family who have, for years, been pacesetters in service excellence and developed benefits that deliver a service that goes that extra mile, beyond the norms of Insurance.

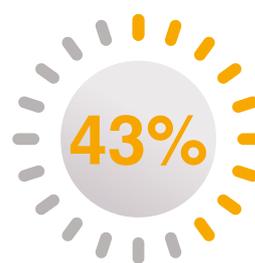
In line with our purpose, we will continue to journey forward, rooted in local entrepreneurship and fuelled by a pioneering spirit that continues to believe in the protective light of Insurance.

Operational Highlights

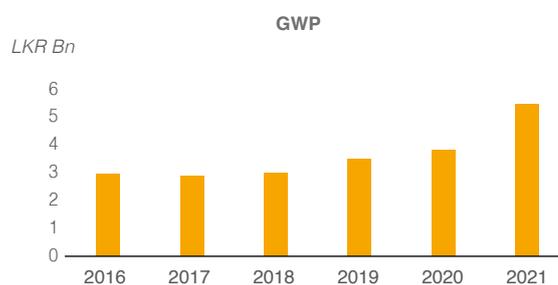
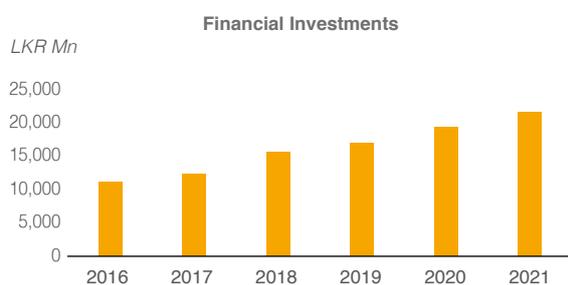
		2021	2020	Change
Operating Results				
Gross Written Premium	LKR'000	5,460,892	3,819,817	43%
Net Income	LKR'000	7,168,029	6,295,688	14%
Profit Before Tax	LKR'000	1,179,338	1,020,911	16%
Profit After Tax	LKR'000	876,174	759,325	15%
Financial Position				
Total Assets	LKR'000	25,683,097	24,196,946	6%
Property, Plant and Equipment and Investment Property	LKR'000	2,041,469	2,339,545	-13%
Financial Investments	LKR'000	21,545,101	19,374,743	11%
Total Equity	LKR'000	10,544,933	10,067,150	5%
Insurance Contract Liability	LKR'000	13,473,701	12,681,780	6%
Other information				
Market Value per Share	LKR	30.70	30.00	2%
Basic Earnings per Share	LKR	3.87	3.35	15%
Net Assets per Share	LKR	46.55	44.44	5%
Return on Equity	%	8.3	7.5	10%



YoY EPS Growth



YoY GWP Growth



**Return on
Net Assets**

8%

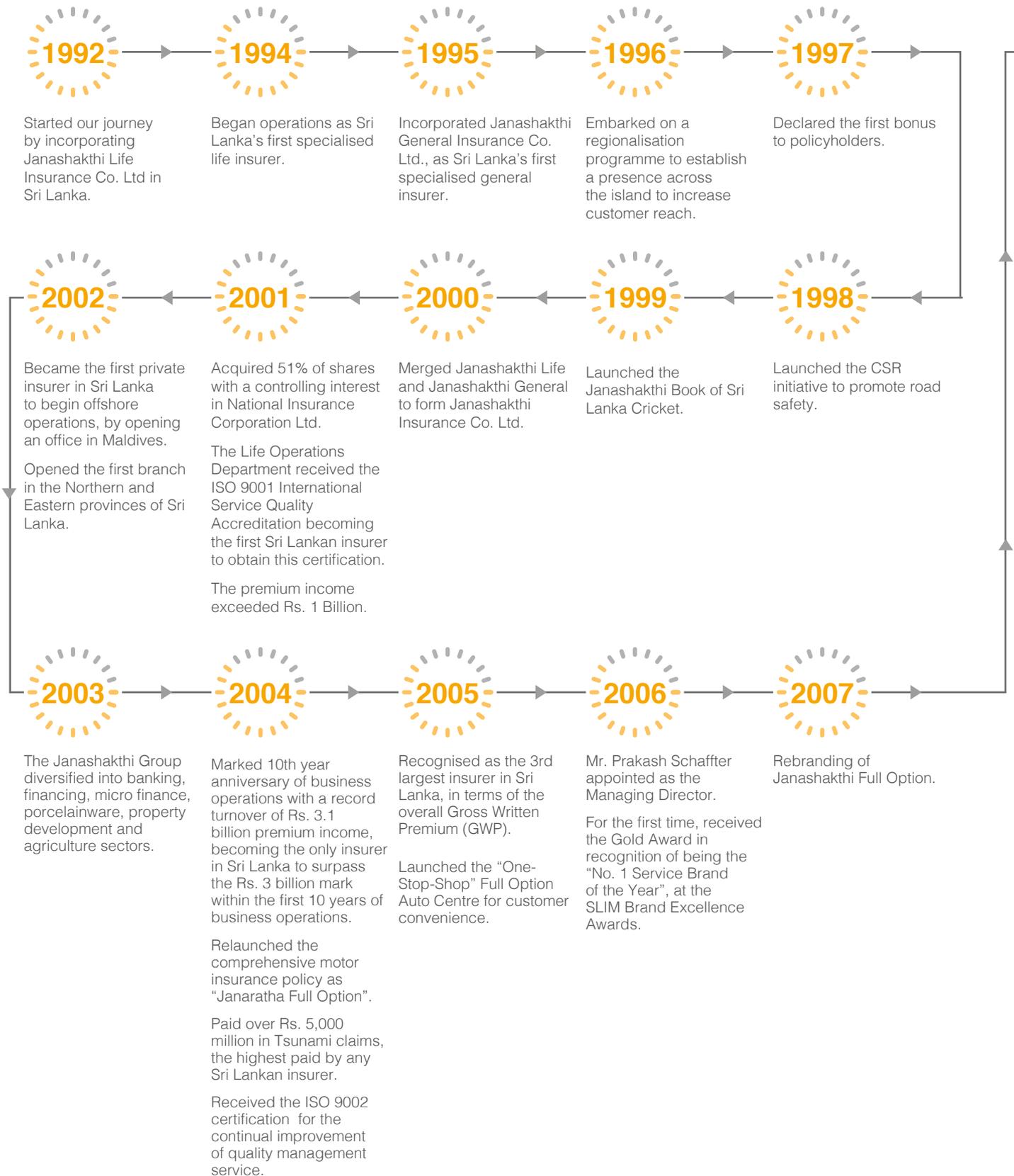
GWP 2021

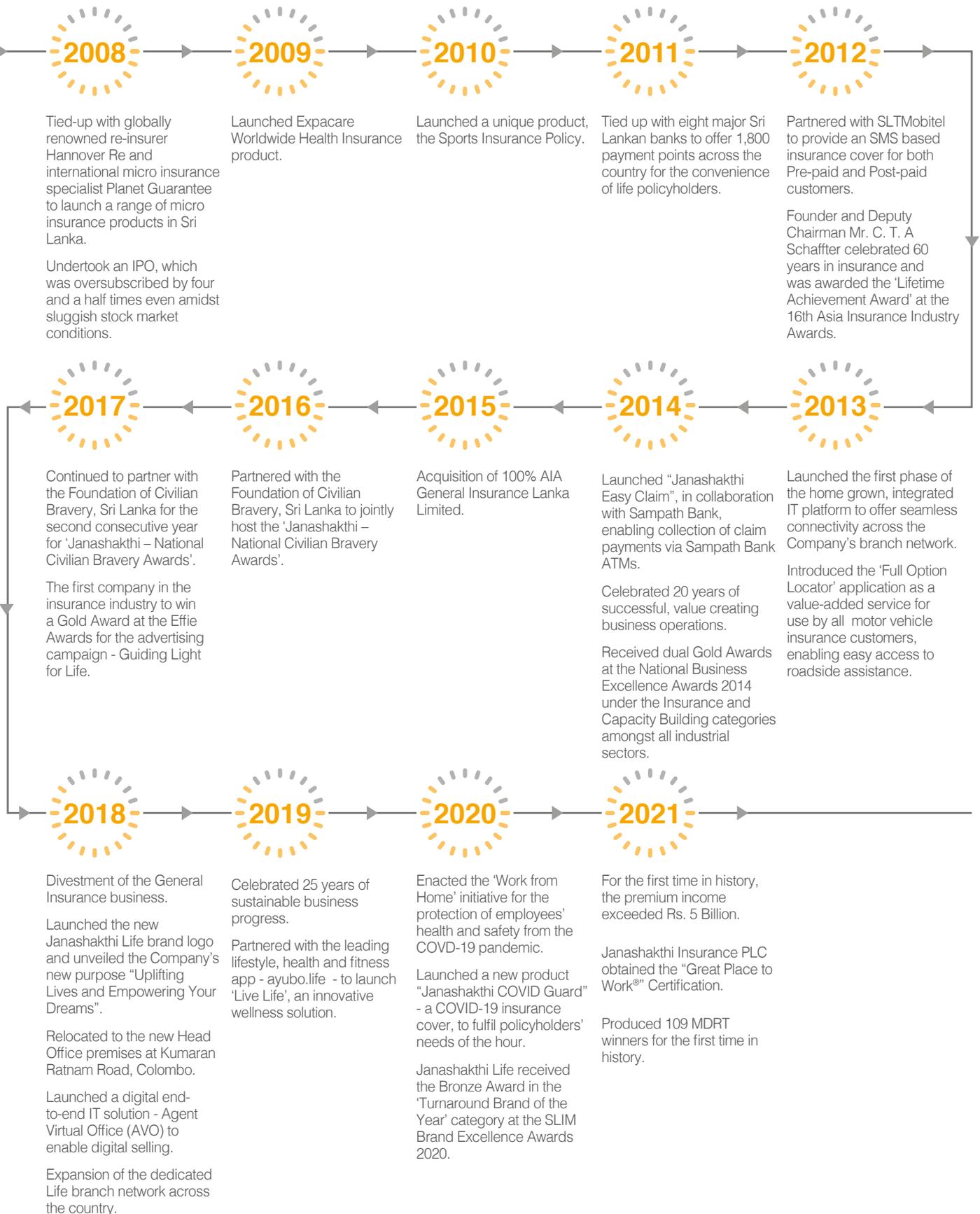
LKR 5.5 Bn.

A Transformative Journey

6 Our Journey of Resilience **8** About Our Integrated Report **10** Deputy Chairman's Message
14 Chief Executive Officer's Review **20** Board of Directors **24** Corporate Management
28 Senior Management

Our Journey of Resilience





About Our Integrated Report

As part of Janashakthi Insurance PLC's consistent and continual effort to enhance good governance practices and to share relevant, meaningful and transparent information about our business operations with our stakeholders, this Annual Report 2021 is prepared based on the integrated reporting framework developed by the International Integrated Reporting Council (IIRC). The integrated reporting framework considers the value creation process and the value created by the Company as well as the value distributed by the Company across all stakeholder groups.

The value created through business activities considers the financial returns to stakeholders as well as the value created for stakeholder-identified material topics (refer the Materiality Analysis on pages 69 to 70). The disclosure of the information is segregated to encompass the six capitals as identified by the integrated reporting framework across the identified stakeholder groups (refer Stakeholder Engagement on page 63-68).

The Company's integrated approach to reporting considers the interdependence between the different capitals. Financial and Manufactured Capitals are considered to be the key inputs which drive the value creation process of the other capitals. Intellectual, Human and Social and Relationship Capitals are created through business activities carried out as part of business operations. These capitals are driven by the interaction of people and processes and are the key drivers of value creation for Janashakthi Life. Natural Capital provides the environment within which we operate our business and create value for stakeholders. The exact nature of their interaction is a function of the Company's focus and beliefs as well as the purpose of the Company. While Janashakthi Life relies on all capitals to meet stakeholder needs, the emphasis on the different capitals can vary from year to year. However, the Company has endeavoured to report on the key impact and developments related to all six capitals in this annual report in so far as relevant to obtain a transparent and true view of business operations.

FINANCIAL CAPITAL



Page 72

Financial resources remain fundamental to how we create value and is the foundation on which the value creation process is developed and sustainably advanced.

SOCIAL AND RELATIONSHIP CAPITAL



Page 90

Building long-term relationships through investments in targeted initiatives is the core for creating sustainable value for our customers, business partners, suppliers and the community.

MANUFACTURED CAPITAL



Page 79

Making strategic investments in manufactured assets such as premises, branch modernisations, information technology adoptions, investments in other fixed assets to support value creation for all stakeholders.

INTELLECTUAL CAPITAL



Page 97

Investments to support our efforts to build a brand which can be intrinsically linked to our 'way of life' continuing to create a value for the business and the industry.

HUMAN CAPITAL



Page 82

Nurturing employees' professional development and cultivating a people-oriented culture through sustained strategic investment created exponential value for the people behind the success of our business.

NATURAL CAPITAL



Page 102

Ensuring the preservation of natural resources by embracing sustainable business practices in the pursuit of business growth and development.

The Company has endeavoured to satisfy the principles of the integrated reporting framework as outlined below

<p>Strategic Focus and Future Orientation</p> <ul style="list-style-type: none"> Identifying and disclosing future priorities Future plans shared by the Chairman and CEO in their respective messages Future plans mentioned in the capital review sections 	<p>Connectivity of Information</p> <ul style="list-style-type: none"> The connectivity is shown in the use of the integrated reporting format which links business activities with corporate goals and returns to stakeholders 	<p>Stakeholder Relationships</p> <ul style="list-style-type: none"> Shown in the stakeholder engagement process Shown by the activities and actions of the Company in meeting stakeholder needs 	<p>Materiality</p> <ul style="list-style-type: none"> The materiality analysis shows how the Company identifies and priorities material topics
<p>Conciseness</p> <ul style="list-style-type: none"> Using easy to understand language Graphical representation of data Using icons, diagrams and other visual elements to emphasise important elements for reporting 	<p>Reliability and Completeness</p> <ul style="list-style-type: none"> Review of information disclosed by the Board of Directors, management and other key employees of the Company Financials are approved by licensed Auditors - Ernst & Young Using credible external information sources 	<p>Consistency and Comparability</p> <ul style="list-style-type: none"> Comparative information is shown as much as possible Using the same formula and bases for financial reporting Clearly stating instances where comparative and comparable information is unavailable 	<p>Value creation is an ongoing and developing process for any business entity. Our success is based on how we have satisfied the requirements and needs of our stakeholders, and the transformation of our annual report to an integrated format supports our continued efforts of how we substantially and sustainably create lasting value for all parties linked to our business.</p>

<p>MANDATORY FINANCIAL REPORTING</p>  <ul style="list-style-type: none"> Sri Lanka Accounting Standards comprising SLFRSs and LKASs Regulations and Directions issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) The Insurance Industry Act No. 43 of 2000 on 01 January 2002 Companies Act No. 07 of 2007 	<p>MANDATORY GOVERNANCE REPORTING</p>  <ul style="list-style-type: none"> Listing Rules of the Colombo Stock Exchange Companies Act No. 7 of 2007 Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended) Corporate Governance framework for insurers issued under section 96A of the Regulation of Insurance Industry Act, No. 43 of 2000 by IRCSL 	<p>VOLUNTARY REPORTING</p>  <ul style="list-style-type: none"> The integrated reporting framework developed by the International Integrated Reporting Council (IIRC) Code of Best Practices on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka (ICASL)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Deputy Chairman's Message



The Company's Net Revenue grew by 14% while the Profits After Taxation achieved a 15% growth in 2021 compared to the year 2020

A handwritten signature in black ink, appearing to read 'Prakash Schaffter'. The signature is stylized and written in a cursive-like font.

Prakash Schaffter
Deputy Chairman

“ Our success motivated us to do better throughout the year and the determined efforts by the Management and employees resulted in our Total Assets growing by 6%, acquiring market share and recording the highest GWP growth rate in the industry ”



Increase in Financial Investments reaching 21.6 Bn in 2021

Dear Shareholders,

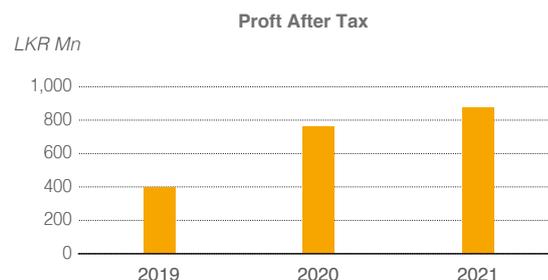
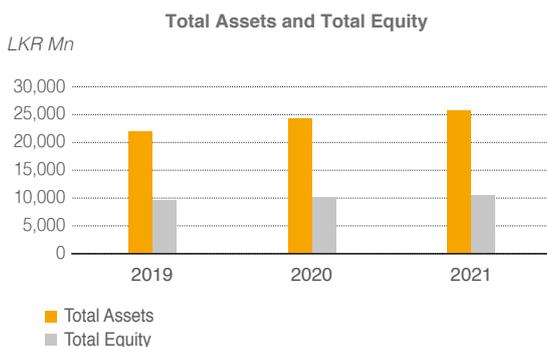
It is my pleasure to report that the year 2021 was a winning year for Janashakthi Life, affirming the faith our stakeholders have placed in us over the years. While the Company and our operating environment continued to be inundated with challenges, the strong foundation of our business together with the strength and foresight of the leadership enabled us to put into effect winning strategies to drive sustainable business growth resulting in a performance that has not been seen previously.

Our success motivated us to do better throughout the year and the determined efforts by the Management and employees resulted in our Balance Sheet growing by 6%, acquiring market share and recording the highest GWP growth rate in the industry.

It is a pleasure to note that we continue our efforts towards more transparent and focused reporting for the benefit of our stakeholders. Accordingly, the Janashakthi Life annual report 2021 continues to be prepared using the Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC), while we have enhanced our efforts by incorporating elements of the global standards for sustainability reporting as developed by the Global Reporting Initiatives (GRI).

MACRO ENVIRONMENT

The COVID-19 pandemic continued in 2021 with new variants of the virus resulting in periodic lockdowns while requiring employees to continue to work from home and the public to observe preventative health and safety measures. This did not bode well for local economic growth, as the impact of the pandemic together with the pre-existing macroeconomic weaknesses contributed to a slow economic recovery in 2021. A combination of these factors also negatively impacted key economic indicators and consumers were on the receiving end of many negative effects from increasing inflation and job losses to a depreciating currency, further deteriorating the disposable income position.



Deputy Chairman's Message

CHANGING BUSINESS LANDSCAPE

The prevailing operating conditions and the need for change due to the pandemic drove Janashakthi Life to bring about added changes in business processes and product/service delivery in 2021. The Company continued to further integrate technology within business activities and maintained a strong stance on becoming more technologically driven to sustain viable operations in the future. Furthermore, the prevailing interest rates also required the Company to prudently manage our product portfolio to drive sustainable growth and ensure returns to all stakeholders. We adopted strategies that would be viable and focused on insurance products that answered the need of the hour.

KEY DEVELOPMENTS DRIVING SUCCESS

The success achieved during the year 2021 is attributed to the leadership of the Company and the drive to renew our business model. Accordingly, we focused on sales and distribution as our path to success as this function is the crux of our business operations. Thus, the Company implemented a strategic drive to revitalise all aspects of the sales and distribution function with emphasis on Sales Force engagement and motivation. Efforts to motivate and engage our sales team and infuse a sense of pride resulted in the re-branding of the Sales Force as the "Lion Force". This greatly improved individual and team moral and motivation. These winning strategies greatly contributed to the overall performance of Janashakthi Life resulting in the First Year Premium growth of 77% in 2021 while creating increased value for all our stakeholders.

STRONG GOVERNANCE TO SUPPORT PERFORMANCE

Janashakthi Life's strong governance framework has been a great support for the Company's business operations over the years. This belief was further strengthened in the year under review where the Company was able to achieve performance amidst myriad challenges and changes. Our efforts to maintain and improve company-wide transparent and ethical business operations added to our governance practices and further strengthened our corporate governance structures. Accordingly, the Directors and Management will continue to focus on good governance practices in the years ahead and work toward meeting all relevant statutory compliances as relevant.

6% ↑

Goal ► GROWTH IN
TOTAL ASSETS

Achievement
2021- LKR 25.7 Bn.
2020 - LKR 24.2 Bn.



MANAGING RISKS IN TURBULENT TIMES

Managing risks is a critical success factor for any organisation and this was a mantra that was crucial for the Company in the year under review. Our efforts in 2021 to strengthen our Risk Management Framework paid dividends in the year under review. The unforeseen developments in the external market and our operating environment required the Company to rely on our Risk Management Framework to show us the correct path to achieve sustainable business growth. The successful adoption of our risk management strategies is seen in our results for the year under review.

PLANS FOR THE COMING YEARS

The exceptional performance of the Company during 2021 has given Janashakthi Life the impetus to pursue greater heights in the future. The Company will pursue top-line growth in the coming years as we believe this is the path of growing our business within the challenging operating environment that will prevail in the short to medium term. To support top-line growth the Company will focus on developing new products and re-structuring existing insurance products to fulfil the emerging needs and wants of our customers. We will also continue to focus on building and expanding our geographical reach to make insurance available to all of the nation's people. Our Sales Force will play a critical role in these efforts and we will continue our endeavours to motivate and create value for them to meet targets and support the Company's sustainable growth objectives.

As an insurance service provider, customer service level enhancement and relationship management are also important for business success. We shall continue to focus on these aspects and build greater value for our customers and partners in the coming years. Digitalisation will also remain an integral aspect of our organisational success and we will use technology and digital platforms

to improve internal processes and add value to our customers who are becoming more digitally savvy as they embrace new technology in their daily lives.

BOARD CHANGES

Janashakthi Life appointed late Mr. Anil Tittawella as our Chairman on 11th August 2021. To our great sorrow, he suddenly passed away a few months after his appointment. I take this opportunity to share my condolences with his family, friends and colleagues. He will be missed and his loss will remain a huge void that will be difficult to fill. I will, in my capacity as Deputy Chairman, lead the Company until such time we identify another worthy individual to lead Janashakthi Life in to the future.

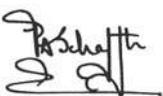
We also had several new appointments to the Board of Janashakthi Life, including Mr. Mahela Jayawardena, Ms. Warini De Costa, Ms. Annika Senanayake, Mr. Dinesh Schaffter and Mr. R.N. Liyanage. I take this opportunity to once again welcome them and wish them every success as we work together to take the Company to new heights of success in the coming years.

Ms. Manjula Mathews, Mr. Eardley Perera and Mr. Ramesh Schaffter retired from the Board in 2021. I would like to thank them for their dedicated service and immense contribution during their tenure. They have all been with us during very challenging times over the past many years. They have played a vital role in building the organisation to what it is today.

APPRECIATIONS AND ACKNOWLEDGEMENTS

I would like to convey my appreciation to our employees who worked tirelessly to meet the challenging objectives of 2021 and operationalise the strategies while working amidst a turbulence operational environment. I also acknowledge Mr. R.N Liyanage, the Company's CEO, for his leadership and his foresight in taking Janashakthi Life on a new path of success. The Company would not have succeeded in achieving such a resounding performance without his dedication. I would like to thank our customers for their continued trust and faith in the Company and their contribution to our success over the years. I also thank our regulators for giving us the necessary guidance and supporting the Company's efforts to improve compliance management.

Last, but not least, I thank my colleagues on the Board for their unstinted and continued support and wise counsel in leading the Company.



Prakash Schaffter
Deputy Chairman

31 March 2022

Chief Executive Officer's Review



First Year Premium (FYP) increased to LKR 3.4 Bn. and the Gross Written Premium (GWP) increased by 43% to LKR 5.46 Bn. during 2021

A handwritten signature in black ink, appearing to read 'R.N. Liyanage', written in a cursive style.

R.N. Liyanage
Chief Executive Officer

Our focused efforts towards remodelling our business, to consider sustainable long-term growth from both financial and business standpoints, returned positive results



Increase in Profit Before Tax

The year 2021 was the most successful year in the history of Janashakthi Life, as we achieved both top-line and bottom-line budgets well in excess, resulting in new business acquisitions of over 117% in terms of first-year premiums, nearly four times that recorded in the industry.

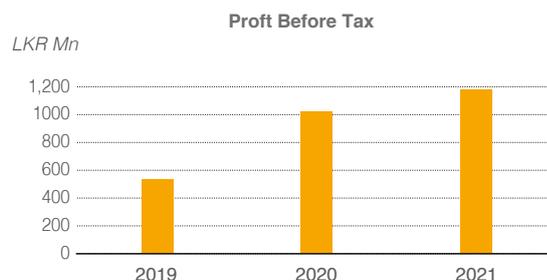
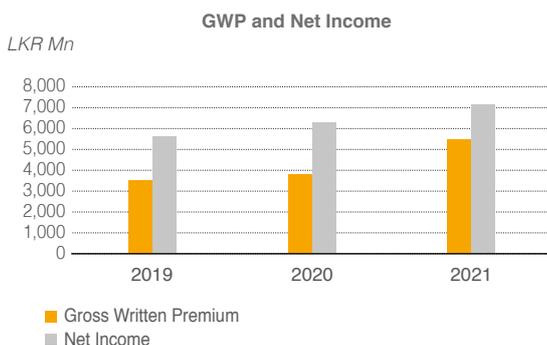
This positive performance is attributed to the execution of aggressive sales strategies, the development of our sales force and the commitment of all our employees to overcoming prevailing challenges in the operating environment. Our team responded well and resolutely pursued the achievement of the goals set by the management, thereby enabling the Company to protect the nation's population in their time of need. As such, we were able to double the number of policies sold during 2021 compared to 2020.

Our focused efforts towards remodelling our business, to consider sustainable long-term growth from both financial and business standpoints, returned positive results. We worked towards building a business model which proactively considers the evolving nature of the operating environment and changing consumer trends. We focused on how digitalisation in the industry changes the way we do business and support our stakeholders. We also considered short-term measures that can impact our long-term direction, such as the challenging investment climate which prevailed, due to the low-interest rate regime maintained by regulators throughout the year.

KEY DEVELOPMENTS IN 2021

The Company focused on several aspects to maintain our market share and create value for our stakeholders while realising sustainable business growth. Accordingly, in 2021, we revamped our medical-related policies to incorporate hospitalisation and quarantine cover to protect our policyholders during the pandemic. This cover was offered to both individual and corporate customers, reiterating our stance as a responsible insurer, while proactively contributing to the national issue of the pandemic. We also launched a global health protection cover to support the safety and health of policyholders and their loved ones in these uncertain times. This was in addition to being the first company to launch a COVID-19 insurance product in 2020.

Considering the deteriorating disposable income position of consumers, we initiated the Flexi Pay product, to showcase it in the next financial year, which provides long-term cover with a short-term paying option.



Chief Executive Officer's Review

The Company also embarked on a major salesforce development and enhancement drive, with a focus to provide our customers with more personalised services, while enabling the Company to directly drive business growth. As such, our sales force was given an integral, independent identity within the Company, as the "Lion Force". We also reviewed and upgraded the rewards and remuneration, recognition, motivation and engagement and performance management elements of the team to build a more conducive work environment, inculcating greater value.

Digitalisation continued to be a key value-creating activity in 2021 for enabling efficacy in processes and customer delivery of services. Resultantly, our customers benefited from many firsts, including the use of a mobile app, automated claims process and, information on their policies at the click of a button. The Company also implemented systems and technology-driven processes to enhance customer service and customer satisfaction levels.

FINANCIAL PERFORMANCE

Over the years, Janashakthi Life has continued to focus on achieving strong results as the basis for creating value for our stakeholders. Continuing this trend, the Company's efforts to create a sustainable financial model for policyholders and shareholders enabled us to reward them, meeting their expectations in the year under review. The winning strategies executed also resulted in heretofore unseen growth of the business in 2021 which had a resoundingly positive impact on the Company's financial performance. First-year premiums increased to LKR 3.4 billion and the Gross Written Premium (GWP) increased by 43% to LKR 5.46 billion during the year under review, compared to 2020. Furthermore, during the year under review, the Company's profit before tax recorded LKR 1.18 billion, growing by 16% compared to 2020. The increasing GWP, together with our efforts at maintaining cost efficiencies, enabled the Company to achieve a higher profit after tax growth of 15% amounting to LKR 876 million in 2021, compared to 2020.

The Company's balance sheet also continued to strengthen in the year under review, with a total assets growth of 6% to reach LKR 25.7 billion as of 31st

43% ↑

Goal ► GROWTH IN
GWP

Achievement
2021 - LKR 5.5 Bn.
2020 - LKR 3.8 Bn.



December 2021. The Life Fund achieved a 6% growth in 2021 amounting to LKR 13.5 billion as of 31st December 2021.

The Company successfully continues to create entity value to the organisation from an actuarial perspective as well, creating an Embedded Value of LKR 12.3 billion, compared to LKR 11.8 billion in 2020.

CREATING VALUE FOR OUR STAKEHOLDERS

Creating value for our stakeholders remains at the forefront of every engagement at Janashakthi Life. The concept is integrated into our business model, strategies and decision-making. The year was dedicated to focusing on protection needs for the customers rather than the Return Base, given the nature of the protection demanded during the year 2021 due to the ongoing pandemic and unattractive interest rates in the marketplace. This has created significant value for our policyholders during the year 2021.

We also continue to create value for our employees. The revitalisation of our sales force was one aspect of the Company's focus to create employee value during the year, while employee engagement across the board was another focus area. We also critically and earnestly reviewed all facets of our human resource function to enable value creation for all employees in the long term. All these efforts bore fruit and it is my pleasure to announce that our journey to evaluate our organisation as a 'Great Place to Work' resulted in Janashakthi Life being certified as a great place to work by Great Place to Work®, Sri Lanka in the year under review.

Shareholders' value creation for the long-term was another area that we worked on in the year under review.



Accordingly, the business remodelling together with the revamped reinvestment strategy and the revitalisation of our financial model, to create sustainable long term entity value to the business, was achieved.

FUTURE OUTLOOK

The performance achieved during the year, despite the various challenges faced, has given us the impetus to think bigger and better. We foresee 2022 as a year of mixed influences with both opportunities and challenges. Attention will remain on our policyholders, where we shall persist in meeting their demands for both protection needs and investment needs while remaining their trusted partner when they need us the most. We will also offer them higher return-based insurance products aligned to the high-interest rate regime and the expectation of higher investment returns. We will also strategise to expand our geographical reach further across the island and venture into smaller towns which have the potential for growth and limited access to insurance products. We plan to have fully-fledged geographical coverage by the end of 2022.



Digitalisation will continue to play a role as one of the critical success factors. Achieving the seamless integration of our systems and processes, which neared perfection during 2021, is the primary goal of digitalisation set forth the year 2022.

Employee skills advancement will continue, with an emphasis on developing the skills and knowledge of our entire team, will be one of the drivers of sustainable business growth in the foreseeable future. In addition, we shall further strengthen our sales force to pursue a more need-based approach in protecting our potential policyholders, taking into account their challenging needs.

From an organisational perspective, Janashakthi Life embarked on a long-term approach to business development and growth in 2021. This long-term perspective, in terms of both financial and business growth, will continue to remain at the forefront of our approach in the coming years. This approach, together with our flexible business model, will enable us to adapt to the changing operating environment while fulfilling the needs of policyholders and creating value for all stakeholders, especially policyholders, investors and employees. We will also continue to evaluate our business model to support our sustainable growth objectives while enhancing the Embedded Value of the business.

APPRECIATIONS AND ACKNOWLEDGEMENTS

Having mentioned that we've had the most successful year in terms of performance and growth several times in this review, it is my duty to place on record our appreciations and acknowledgements. Firstly, our policyholders continued to place their trust in us during difficult times and continued to pay their regular premium payments, enabling us to protect them and their loved ones during the ongoing challenges of the pandemic. This success would not have been possible without the dedicated efforts of our employees who worked tirelessly to make sure

Chief Executive Officer's Review

the Company achieved our goals and objectives at the highest levels. Everyone worked as one team, with one dream towards achieving goals set forth for 2021. Our "Lion Force" was at the forefront, breaking many industry records and responding to customer needs during periods that included lockdowns and travel restrictions.

I would also like to thank all our business partners, bankers and financial institutions for working with us to support the Company's growth and needs. I thank the Board of Directors for their direction and guidance towards making 2021, the best in the history of Janashakthi Life's business growth and performance.

Finally, I take this opportunity to place on record the immense contribution made by the late Mr. Anil Tittawella during his tenure as the Chairman of Janashakthi Life.



R. N. Liyanage
Chief Executive Officer

31 March 2022



TRIBUTE TO OUR BELOVED CHAIRMAN

Late Mr. Anil Tittawella

Mr. Anil Tittawella's sudden passing on 26th February 2022 has left us bereft of a great leader, colleague and friend. His absence has left a void not only in our Company and the entire Janashakthi Group but also across industries, occupations and individuals whose paths he crossed.

Janashakthi Insurance PLC appointed Mr. Anil Tittawella as Chairman with effect from 11th August 2021 to lead us as we continue to pursue our growth journey. His leadership, along with legal, regulatory and corporate experience and extensive knowledge in corporate transformation trends made a definitive difference in our Company's growth trajectory in the few months he was with us.

As a renowned Sri Lankan lawyer and a President's Counsel with a career that spanned over three decades, Anil touched the lives of many, making a lasting impression in our hearts.

He will be missed, but his legacy and his teachings will continue to influence us in the coming years. Anil transformed not only businesses but he both personally and professionally influenced people from various fields. The memory of him will continue to fuel us as we continue to grow both personally and professionally.

Board of Directors



Late Mr. Anil Tittawella

Chairman - Independent Non-Executive Director

Having been admitted to the Bar in 1985, late Mr. Anil Tittawella had a legal career spanning over three decades. His legal interests were predominantly in the fields of Company, Commercial and Financial Law. Late Mr. Tittawella had an extensive professional portfolio of domestic and an international clientele from several jurisdictions which enabled him to bring both a global and an international perspective to his work. A commitment to client service, legal acumen and a genuine interest in the development of legal, corporate and financial trends had contributed to his professional expertise and adroitness.

Through his corporate law work, involving commercial litigation, he regularly provided expert legal knowledge and negotiation proficiencies for high-value complex financial and legal transactions. He had wide ranging experience in advising clients on complex corporate and commercial legal issues including specialising in securities law, mergers and acquisitions, takeovers and restructuring transactions. He was sought after for his skills in corporate legal strategizing and planning.

With the extensive work in the Bar Association of Sri Lanka's Committee on Company Law Reform, Ceylon Chamber of Commerce's Commerce Committee on Company Reforms and in the Sri Lanka Swedish joint legal team to formulate the new Arbitration Act of Sri Lanka, late Mr. Tittawella had wide experience in legal, regulatory and compliance spheres as well as extensive knowledge in corporate transformation. He was an experienced commercial trial and appellate litigator and had wide-ranging experience in commercial arbitration and alternative dispute resolution mechanisms. He was the Legal Consultant to the Airport and Civil Aviation Authority of Sri Lanka and a founding member of the Institute of Commercial Law and Practice in Sri Lanka. Late Mr. Tittawella was also a commissioned member of the Securities and Exchange Commission of Sri Lanka and a Member of the Insurance Board of Sri Lanka.

Late Mr. Tittawella was appointed President's Counsel in 2005 and had Solicitors (Final) Examination of the Law Society of the United Kingdom and had a Master of Law (Hons) from the University of Waikato, New Zealand.

Late Mr. Tittawella was also the Chairman of Orient Finance PLC, an Independent Non-Executive Director of Ceylon Tobacco Company PLC and Laughs Gas PLC.



Mr. Prakash Schaffter

Executive Deputy Chairman

Prakash Schaffter is a Cambridge educated Executive Deputy Chairman of Janashakthi. He has three decades of experience in the Insurance Industry in both Sri Lanka and the United Kingdom. He has led Janashakthi as Managing Director since 2006, through a growth phase that saw Janashakthi become the third largest Non-Life Insurer and was appointed as Chairman in November 2018. He was instrumental in acquiring the Non-Life business of AIA Insurance Lanka in 2015 and led the divestment project of Janashakthi's Non-Life business in 2018.

Prakash is a former President of the Insurance Association of Sri Lanka and continues to impact the business sector through his membership on the council of the Sri Lanka Institute of Directors (SLID). He serves on the Boards of several listed and unlisted entities and has been amongst the youngest Fellow Members of the Chartered Insurance Institute. He has also served as President of the Young Presidents Organisation of Sri Lanka.

A former first class cricketer, he represented both the University of Cambridge and London University during his cricketing career. He has also served as President and Secretary of the Tamil Union Cricket and Athletic Club. He is a former Secretary of Sri Lanka Cricket, having served on three separate occasions on Interim Committees appointed by the Government.



Mr. R.N. Liyanage

Non-Independent Executive Director - Chief Executive Officer

Mr. R.N. Liyanage was appointed as the Chief Executive Officer of Janashakthi Insurance PLC in November 2020. He brings years of knowledge to the Company with his experience in senior management roles across industries including Insurance, Finance, Retail, Manufacturing, Automotive and Lubricants. Further, he has held Directorships in Richard Pieris Distributors (Arpico) and Arpico Insurance. He was also the former Chairman of Richard Pieris Arpico Finance and Group Director of Richard Pieris & Co. Prior to his appointment, he was the Chief Executive Officer of TVS

Lanka Limited and has also served in Janashakthi Insurance PLC from 2003 to 2011 where he played a key role in driving business growth in Marketing, Branch Operations, Sales and Distribution, and as a Board Director of Janashakthi Finance from 2006 to 2009.

He holds a Bachelor of Science Degree from the University of Colombo and two Post Graduate Degrees - Master of Business Administration from the University of Sri Jayewardenapura and Post Graduate Degree from CIM UK. He is also a Member of the Chartered Institute of Marketing (CIM-UK), a Certified Management Accountant (CMA) of CMA (Australia) and a Fellow Member of the Life Underwriting Training Council (USA). In addition, he is a certified-resource person for LIMRA International for Insurance, Marketing and Management.

He has been awarded with many global and local accolades including the 'Asia Brand Leadership Award' from Brand Asia Congress, the 'Global Brand Leadership Award' from Global Brand Congress, Brand Champion Awards from the Sri Lanka Institute of Marketing (SLIM) and the 'Marketer of the Year Award' from the world largest body for marketing, the Chartered Institute of Marketing (CIM-UK).

He is also a resource personnel for MBA graduate studies for many global universities and is often called upon to serve on the panel of judges at many corporate events in Marketing and Management.



Ms. Warini De Costa

Independent Non-Executive Director

Ms. Warini De Costa comes with substantial experience and expertise in the area of Finance and Management having worked for Glaxo Wellcome Ceylon Ltd. from 1983 to 2004, and in a large conglomerate thereafter. She held many senior positions during her tenure at Glaxo and was appointed to the Board in 1991 and held the position of Finance Director and Company Secretary. Thereafter, she worked as Director Finance at Cinnamon Grand and Cinnamon Lakeside Hotels from 2005 until 2011. Presently, she is a Non-Executive Director at Hayleys Leisure PLC where she chairs the Board Audit Committee.

Ms. De Costa is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL), a Fellow Member of the Institute of Chartered Management Accountants of Sri Lanka (CMA) and holds a MBA from the Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura.

Board of Directors



Mr. Avindra Rodrigo

Non-Executive Independent Director

Avindra is one of the leading President's Counsels in Sri Lanka. He is an active practitioner in commercial and corporate litigation as well as arbitration and alternative dispute resolution. He has a wealth of experience in the areas of banking, finance, insurance, construction and telecommunications Law. He is listed as a Band 1 Leading Individual for Dispute Resolution, in Chambers - Asia Pacific.

Receiving his LLB (Hons) from the University of Warwick, England, he has appeared in numerous actions arising out of Insurance Contracts, representing either the Insurer or the Assured. He is a Barrister of the Honourable Society of Grays Inn, London, England and an Attorney at Law of the Supreme Court of Sri Lanka.



Mr. Deshal De Mel

Non-Executive Independent Director

Appointed w.e.f. 15 April 2021

Deshal De Mel is an Economist who has experience across government, private sector and academia. He is a Research Director at Verite Research, a Colombo based think tank. He previously served as an adviser to the Ministry of Finance, prior to which he worked in the corporate sector as Senior Economist at the Hayleys Group. He was a Commissioner at the Securities and Exchange Commission (SEC) of Sri Lanka in 2018/2019. He has served on a number of corporate and non-corporate boards.

Currently, Deshal serves as an Independent Non-Executive Director on the Board of Sampath Bank PLC, Capital Alliance Investments Limited and TNL Radio Network (Pvt) Ltd. His publications can be found in a number of books and journals. Deshal was recognised by the World Economic Forum as a 'Young Global Leader' in 2019.

Deshal holds a Bachelor of Arts in Economics, Philosophy and Political Science, Oxford University and Master's Degree (MSc) in International Political Economy, London School of Economics and Political Science.



Mr. Piranavan Sivagananathan

Non-Executive Independent Director

Piranavan (Nathan) Sivagananathan is a venture capitalist, investor and an entrepreneur, who is the co-founder of Hatch, a revolutionary workspace designed to support start-ups and budding entrepreneurs in Sri Lanka. A 2015 Eisenhower Fellow and 2018 Kauffman Fellow, he has long been a supporter of local entrepreneurship and small businesses, as well as an active angel investor in the country.

Currently, he is also a Non-Executive Director at Janashakthi Limited. Nathan brings in a wealth of experience in business

and innovation from his former role as the Chief Growth Officer of MAS Holdings and as a former Board Director of MAS Capital. He holds a BSc in Engineering Management from the University of Hertfordshire and has completed the General Management Program at Harvard University.



Mr. Dinesh Schaffter

Non-Independent Non-Executive Director

Dinesh Schaffter currently serves as the Managing Director of First Capital Holdings PLC, its subsidiaries and serves as a Director of Janashakthi Limited. He has a background in finance and substantial managerial experience and expertise of over 25 years, during which he has executed a range of transactions including M&A, restructuring and business valuations.

With professional qualifications in Management Accounting as an Associate Member of the Chartered Institute of Management Accountants (ACMA) UK, a Bachelor's Degree in Laws (L.L.B.)

and an Executive Master's Degree in Business Administration (EMBA) from INSEAD, France, his insights are valuable to the Company in developing strategies for expansion, acquisitions and business collaboration.

He was formerly the Managing Director of Kelsey Developments PLC and Dunamis Capital PLC.



Mr. Mahela Jayawardena

Independent Non-Executive Director

Mr. Jayawardena is the Chairman of the National Sports Council tasked with revitalizing sports in Sri Lanka. A leader with a proven track record he has already initiated several changes to the structure of National sports. Having represented Sri Lankan cricket from a young age, he progressed rapidly to establish himself as one of the foremost and most respected cricketers in the world. His innate leadership abilities led to him being appointed Captain of the National cricket team, a position he held for several years with great success including leading Sri Lanka to a World Cup final. Thereafter on retirement, he served as the

Chairman of the Cricket Committee of Sri Lanka Cricket. He continues his involvement in sports leadership as the coach of Mumbai Indians the IPL franchise during which time he has led them to the title in three out of four years.

While playing international cricket, Mr. Jayawardena co-founded the award winning 'Ministry of Crab' and launched a career in business in the fields of Agriculture, Property Development and Renewable Energy. He is today a highly respected mentor/coach in the international cricket arena as well as an astute business leader in the Sri Lankan corporate sector. He is also known for his Philanthropic leadership through Trail and the Foundation of Goodness.



Ms. Annika Senanayake

Independent Non-Executive Director

Ms. Annika Senanayake heads Corporate Planning for the IWS Holdings Group, in diversified business interests in automobiles, aviation, telecommunications, logistics, media and broadcast, warehousing, food and beverage processing and packaging. She is CNN's official business representative for Sri Lanka. She is currently a Director of IWS Holdings (Private) Limited, Scan Furniture (Private) Limited, RAD Productions (Private) Limited and is a Trustee of the Ray Wijewardene Charitable Trust. Ms. Senanayake has formerly held the roles as an Independent, Non-Executive Director at Sampath Bank PLC until her retirement in 2020 and as CEO of ART Television Broadcasting Co.

She holds a BA in Management Studies from the University of Nottingham.

Corporate Management



Mr. Hashra Weerawardena

General Manager - Life Operations

Hashra Weerawardena joined Janashakthi in February 2014 to head Janashakthi's Life Insurance Division and is currently responsible for the Life Operations Department. He counts over 23 years of experience out of which, over 19 years have been in the Insurance Industry and has served in many capacities at Eagle Insurance and Asian Alliance Insurance PLC.

Hashra holds an MBA degree from the University of Colombo. He is a Member of the Chartered Institute of Marketing UK (MCIM) and is a Chartered Marketer. An Attorney-at-Law. He holds a B.A. Degree from the University of Colombo. He is a Chartered Insurer and an Associate Member (ACII) of the Chartered Insurance Institute of UK.



Mr. Harsha Abeywickrema

General Manager – Sales

Harsha Abeywickrema joined Janashakthi in October 2018 as the Head of Sales for the Janashakthi Life business. Harsha has close to 32 years of professional experience, of which 28 years have been in the Insurance Industry attached to AIA Insurance and Ceylinco Insurance.

Starting his Insurance career at Ceylinco, he rose to the role of DGM – Business Development. Prior to joining Janashakthi, he served as the Head of Sales Agency DSF2, at AIA Insurance where he was responsible for the national distribution,

strategic planning and management of teams and agencies. Harsha has also served as an appointed Moderator to conduct AMTC in Sri Lanka by LIMRA and as a Moderator for Life Underwriting Training Council (LUTC) USA.

Harsha holds a Master of Business Administration from the University of Rajarata and a number of international industry qualifications, such as being appointed a Fellow of the Life Underwriting Training Council, USA. He is a Chartered Insurance Agency Manager and Chartered Manager Financial Advisor. He is also a Faculty Board Member of University of Wayamba, Faculty of Business Studies and Finance.



Ms. Manindri Dias Bandaranayake

Chief Brand Marketing Officer - Janashakthi Group

Manindri Dias Bandaranayake is a marketing professional with over 16 years of marketing experience. She has been with Janashakthi for over 6 years, currently holding the position of Group Chief Brand Marketing Officer overlooking the marketing strategies across the Group Companies.

Prior to Janashakthi, she completed a successful 9-year stint in brand building at Unilever Sri Lanka. She joined Unilever Sri Lanka as a Management Trainee

in 2005 and spent over 7 years in Food Categories/Brands (beverages and savoury) and handled the flagship brand Sunlight. Manindri followed a Master of Business Administration from the University of Wales and a Bachelor of Science in Microbiology from the Bangalore University. She is also a Member of the Chartered Institute of Marketing UK (MCIM) and a Fellow member of the Chartered Institute of Management Accountants UK (FCMA, CGMA). She was recognised by Women in Management at the "Top 50 Professional and Career Woman Awards" - 2021.



Mr. K. V. Kuganathan

Chief Information Officer - Janashakthi Group

K. V. Kuganathan is a seasoned business, digital and IT strategist with extensive experience in Banking Finance, Insurance and Capital market sector. With over 23 years of experience, with 9+ years at C-level, Kugan is known for his innovative, creative and results driven leadership. He builds and transforms financial models into dynamic digital businesses with an acute focus on achieving exceptional results.

Kugan is currently working as Group Chief Information Officer at Janashakthi Group of Companies which includes Banking, Capital Market, Insurance, Real Estates and Health Sector. Additionally, Kugan holds a number of IT related board positions, Chairman of British Computer Society for IT Chartered Institute Sri Lanka Section and is on the Board Council of British Computer Society for IT Chartered Institute, UK. He has also served as a Non-Executive Director for UPAY Payment Solution Ltd.

Prior to working at Janashakthi, whilst heading Digital and IT strategy, Kugan transformed National Development Bank PLC as Sri Lanka's Leading Mobility Banking solution, providing the markets best customer experience for its loyal customers. Further to this, he initiated and led the Digital Banking division at Hatton National Bank, PLC.

Along with ICTA – Government ICT Agency formulating framework for digitally inclusive country in advisory positions for Digital Hub initiatives, Digital index, Lighting Digital programme and empowering Government Chief Digital Officer's skills development programme .

Kugan graduated with a distinction in MSc in IT Consultancy as well as a Degree in Computing and Information Systems. Chartered IT professional from BCS Chartered institute for IT, UK.

With many prestigious accolades in recognition of his contribution to the IT industry, since 2011, Kugan has judged NBQSA National ICT Awards and Asia Pacific ICT Awards known as APICTA in many countries. Additionally, Kugan shares his enthusiasm for Digital Financial Infusion at many International conferences, focusing on Channel Optimization, where he is a renowned public speaker at both local and International conferences.



Mr. Thanushka Jayasundera

Chief Financial Officer

Thanushka joined Janashakthi Insurance PLC in May 2019 from Deutsche Bank. He served as the Assistant Vice President, Risk and Control for Deutsche Bank, Sri Lanka. He has extensive experience in Finance, Asset and Liability Management (ALM), Market Risk and Strategic Planning. Prior to joining Deutsche Bank in 2014, Thanushka held multiple roles at HSBC covering Treasury, Finance and Asset Liability and Capital Management responsibilities.

Thanushka is a Fellow Member of the Chartered Institute of Management Accountants (CIMA UK), a Fellow member of the Association of Chartered Certified Accountants (ACCA UK) and an Associate Member of the Sri Lanka Economic Association.

Thanushka holds a Master of Science Degree in Finance from University of Oulu (Finland), a Master of Arts Degree in Financial Economics from University of Colombo and a Bachelors Degree in Business Administration from Northwood University (USA).

Corporate Management



Ms. Wasanthi Stephen

Chief Human Resources Officer - Janashakthi Group

Wasanthi Stephen counts over 23 years of work experience, out of which 18 is in the Human Resource Industry in Sri Lanka.

Her extensive exposure includes talent management, employee relations, handling industrial disputes, mentoring, counselling and learning and development in the hospitality, real estate, investment banking, manufacturing and finance industries. She's a Certified Professional Coach in Transformative Coaching. Prior to joining Janashakthi Insurance PLC, Wasanthi also worked at John Keells Holdings as the

Director of Human Resources for Cinnamon Lakeside Hotel and as an Assistant Vice President at John Keells Holdings. Wasanthi also practiced as Junior Counsel and an Instructing Attorney. She further worked in Sri Lanka Telecom's Legal Division. Wasanthi is an Attorney-at-Law and an Associate Member of Chartered Institute of Personnel Management Sri Lanka (CIPM).



Mr. Nilanga Wickramasinghe

Consultant

Nilanga is a Professional Insurance Practitioner, Service Industry Strategist and a Sales and Marketing Specialist with the ability to inspire, transform and sustain team members to become their best, in turn facilitating organisational growth. He has succeeded in scaling up existing businesses, strategic positioning and new market identification for multimillion-dollar organisations inclusive of foreign startups.

Nilanga counts over 31 years of management exposure and has extensive experience in Service Marketing at large scale business organisations in Insurance, Financial Services and Hospitality. He specializes in Growth Management Consultancy and joined Janashakthi Insurance PLC in 2020 as a Consultant. He was the Director/CEO of LOLC Insurance International, CEO/COO of LOLC General Insurance Co Ltd and LOLC Life Assurance Ltd and the Head of National Sales at Sri Lanka Insurance Corporation Ltd.

He is a Chartered Insurance Agency Manager (CIAM) and possesses a Post Graduate Degree in Management and a Fellowship in Life Insurance Marketing.



Mr. Harsha De Alwis

Consultant

As a Fellow Member of the Chartered Institute of Marketing (CIM-UK), excelled as a strategic planner offering more than 35 years of broad-based experience and record achievements of which over 26 years has been in the Senior Management/ Board Member capacity. Background consists of proven success in achieving appreciable increase in Company's profit and growth through decisive, effective and efficient handling of Sales Management, Marketing Management and General Management.

Started his career in FMCG and moved into capital equipment marketing. However, timely change into Insurance Industry at the inception stage of privatisation was the highlight of the career. Initially, being employed as a pioneer member of Ceylinco Insurance (LIFE) senior management team and thereafter heading the first pure Life Insurance brokering Company as the Managing Director, moved to Janashakthi Insurance Company. This counts a total of over 21 years' experience in Life Insurance marketing at senior management level. Thereafter, with the expertise of Marketing/General Management, entered into different industry sectors such as Commercial forestry, Real estate/condominium at Board member level. Prior to joining Janashakthi Insurance PLC as Consultant - Alternate Distribution, served as the acting CEO for Arpico Insurance PLC.



Mr. Rehen Gunawardane

Deputy General Manager - Sales Distribution

Rehen has more than 28 years of professional experience in Insurance Industry. Starting his insurance career at Ceylinco Insurance, he rose through the ranks as an accomplished Insurance Sales Professional.

Rehen holds a Master of Business Administration from Cardiff Metropolitan University, UK. He also possesses many industry certifications including AMTC qualification from LIMRA, USA and is a Fellow Member of the Life Underwriting Training Council, USA.

Rehen is a certified Moderator to conduct AMTC by LIMRA and Life Underwriting Training Council (LUTC) USA.

Senior Management



Mr. Nilantha Amarasinghe
Senior AGM - Sales Distribution



Mr. Kathiresan Sebastian
Senior AGM - Sales Distribution



Mr. Susantha De Silva
Consultant

An Agent of Trust

30 Risk Management **36** Corporate Governance
63 Engaging with Our Stakeholders
69 Materiality Analysis

Risk Management Framework

Risk Management is a process where all integrated parts of the business collaborate together, in order to protect the rights of all stakeholders of the Company. At Janashakthi, Risk Management plays a vital role towards the success and survival of the business in the industry.

Risk Management is an integral part of Janashakthi Life's business processes as it supports us to grow the business in an environment where risks are aligned to the Company's risk appetite. Our Risk Management Process helps in the identification, assessment and management of threats while executing strategies to achieve the Company's annual goals and objectives.

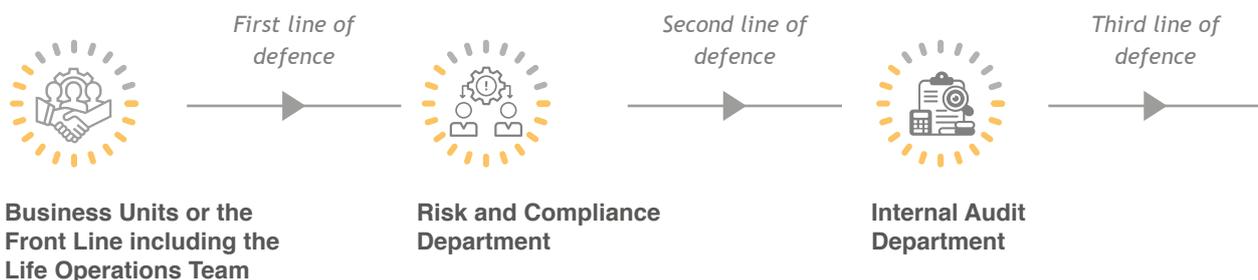
The Company's risks arise from many sources including the external environment in which Janashakthi Life operates, financial uncertainties, technology developments and technological vulnerabilities, strategic management issues, frauds, accidents, natural disasters and changing consumer needs and industry developments. The Company's Risk Management Process allows us to proactively identify existing and emerging risks and apply risk mitigation or minimisation measures to avoid undesirable effects of such occurrences in business operations and in our efforts to create value for our stakeholders.

The Company's key objectives in implementing a robust Risk Management Process is to ensure that:

1. Risk and risk management considerations are embedded within and are an integral part of the corporate decision-making process and
2. Risk exposure is minimised and the possibility of the Company incurring losses outside of its risk tolerance levels is managed in an acceptable manner.

The Company considers managing risks to be a shared responsibility that must cascade from the top management all the way down to the ground-level employees. As a financial services organisation, it is inevitable that we take risks. It is also the norm that any business venture will incorporate risks, however, the critical success factor lies in how these risks are effectively managed to make the Company more efficient while increasing the risk-adjusted returns, improving strategic judgement and avoiding exceptional losses.

Therefore, Risk Management is considered across different organisational levels and the Company ensures employees are given adequate training and resources to consistently identify, measure and manage the risk exposure of various business activities. The Risk Management Process at Janashakthi Insurance is based on 3 lines of defence:



The Company has adopted a three-stage line of defence to manage risks, ensuring all categories and types of risks are considered for operating in an effectively risk-managed environment. The Company's risk and compliance division oversee the entire risk management process while business units and functional teams provide input regarding the various risks faced in the course of doing business. The internal audit division performs regular planned checks of the entire risk management process and verifies that all controls and mitigation measures are in place.

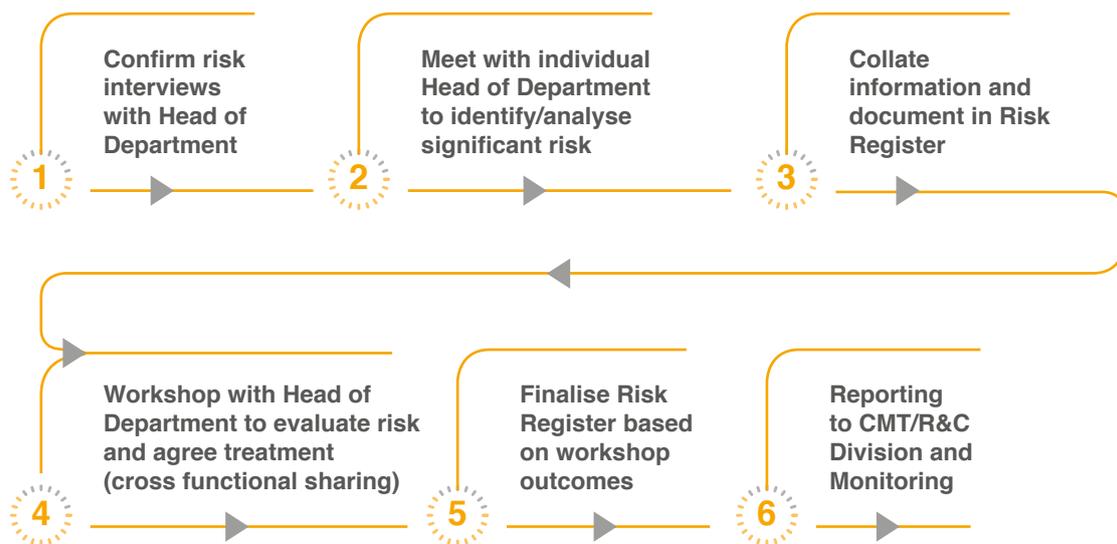
RISK GOVERNANCE PROCESS

The Board of Directors, led by the Board Audit Committee (BAC) have ultimate responsibility for the Company's risk management process. The risk and compliance division who is responsible for overseeing the implementation of risk management in business processes, prepare and submit a risk assessment report to the BAC on a quarterly basis. The BAC reviews this report and then submits it to the Board of Directors with the comments and observations as relevant.

OUR RISK ASSESSMENT PROCESS

The risk management process is led by the risk and compliance division, while the risk identification is carried out in collaboration with the various departmental heads to identify existing or potential risks.

Any risks that would impact the Company beyond the pre-determined risk tolerance limits or the Company's risk appetite will be minimised or mitigated through risk minimisation/mitigation actions. Appropriate minimisation/mitigation actions will be applied until the risk falls within the risk appetite limits of the Company.



During the year under review, the Company's analysis of the external environment highlighted the following main risk factors.

Risk Management Framework

Type of Risk	Impact on Business Activities
Economic Instability	The current macro economic volatility would affect the overall business climate of the country and have a significant bearing on the Company's business strategy and performance. The economic environment that prevailed during the year required the Management to keep a close watch on the impact to business operations and our policyholders.
Credit Risk	The risk of financial loss that could accrue to Janashakthi Life, if a counterparty to whom the funds of the Company have been advanced to or invested with, were not repaid according to agreed terms.
Interest Rate Risk	The risk of loss that would arise due to the movement of interest rates. This would arise mainly due to the Company's investments in debt instruments and securities.
Taxation Rates	The impact to the Company's financial performance from adverse movements in corporate taxation rates.
Impact from COVID-19 Pandemic	<p>The COVID-19 pandemic continued to impact business operations in 2021 requiring the continuation of risk management practices adopted to mitigate health and safety risks. The Company continued to adopt measures from a business continuity perspective, making arrangements to provide employees with facilities to work from home and work according to rosters.</p> <p>From a policyholder's perspective, the Company continued promoting the use of digital payment methods and digital systems for checking and renewing policies.</p>

RISK CLASSIFICATION

- Strategic Risks - These are the risks that prevent the Company from achieving its objectives. These risks are somewhat within the purview and control of the Management.
- Business Environmental Risks - These are the risks that stem from the external business environment over which the Management has minimal control.
- Business Process Risks - The risks arise during the normal course of business operations and are within the control of the Management.

Risk Element	Risk Description	Risk Category	Why is it important?	Corrective Actions	Risk Rating
Insurance Risk	Failure to accurately price a product, underwrite a policy, forecast the related costs	Business Process Risk	<ul style="list-style-type: none"> • This has a direct impact on profitability of the business if the reality is worse than what was anticipated 	<ul style="list-style-type: none"> • Periodic review and update of internal processes and operational manuals • Strict customer due diligence procedures and request for additional information, if necessary, prior to processing an application • Introduce controls to reduce mis-selling • Conduct periodic process audits for continuous improvements • Fully fledged Call Centre to follow up and provide customer service 	
Operational Risk	The risk of loss arising from failed internal processes, people and system violations	Business Process Risk	<ul style="list-style-type: none"> • Possibility of errors and omissions • Opportunity for fraud and misappropriations (especially sales staff) 	<ul style="list-style-type: none"> • Task segregation • Updating of manuals and processes • Conduct periodic process audits and surprise branch audits • Periodic monitoring and evaluations • Having a business continuity plan 	
Cyber Resilience	The risk that IT systems fail to withstand cyber-attacks, threat to information security and failure to recover business operations with minimal interruptions.	Business Environmental Risk	<ul style="list-style-type: none"> • Digitalised selling and claims settlement • Possibility of cyber crimes 	<ul style="list-style-type: none"> • Updated check point firewalls • Anti-virus and anti-malware software • Network segregation • Patch management • Vulnerability and penetration tests • Educate and train all employees on the importance of information security • Disaster Recovery plans and drills • Periodic audits conducted by independent third parties 	

Risk Management Framework

Risk Element	Risk Description	Risk Category	Why is it important?	Corrective Actions	Risk Rating
Competition	The threat to earnings, market position due to competitor behaviour and actions	Strategic Risk	<ul style="list-style-type: none"> • Competition for new business • Poaching of advisors 	<ul style="list-style-type: none"> • Improve market intelligence • Strive to maintain and improve a sustainable and profitable product mix • Introduce innovative products and innovative channels 	●
Recruitment and Retention	Failure to attract and retain performing sales advisors and key identified talent in the longer run to achieve business strategy	Strategic Risk	<ul style="list-style-type: none"> • Sustain the long-term business (RP base + New business) • Ensure continuous service to existing and potential customers 	<ul style="list-style-type: none"> • Island-wide recruitment drives to attract competent sales personnel. • Realign incentive and packages with industry standards • Improving employer brand (social media visibility, partnering with relevant higher education institutes and universities) • Focus on training and development (building a learning driven culture) • Employee engagement initiatives • Succession plans for key identified roles 	●
Interest Rates	The risk to earnings and returns caused by fluctuating interest rates	Business Environmental Risk	<ul style="list-style-type: none"> • High dependency on investment products • Asset-liability mismatch 	<ul style="list-style-type: none"> • Monthly stress testing of the ALM mismatch for residual risk and ensuring that the impact to the Income Statement is within the Risk Appetite. • Close monitoring of interest rate movements 	●
New Product Development	The threat to business due to failure to identify market requirements and develop new products accordingly	Strategic Risk	<ul style="list-style-type: none"> • Keep abreast with market requirements • Meet customer expectations 	<ul style="list-style-type: none"> • Market intelligence and surveys • Strategic developments • Brain storming 	●

Risk Element	Risk Description	Risk Category	Why is it important?	Corrective Actions	Risk Rating
Reputation	The loss of damage to a company arising from a threat or danger to the company name	Strategic Risk	<ul style="list-style-type: none"> Power of social media where people can have easy access to complain and tarnish the brand image 	<ul style="list-style-type: none"> Ensure compliance with applicable laws and regulations, internal policies and code of ethics Manage and overcome customer complaints through dedicated strategies and teams Improve competitor and customer intelligence through formal and informal market research Maintain a comprehensive crisis management process to manage issues arising on press and social media platforms 	
Stock Market Volatility	The risk that the investments don't yield the expected outcome due to stock market volatilities	Business Environmental Risk	<ul style="list-style-type: none"> Concentration of assets Political uncertainty 	<ul style="list-style-type: none"> Manage the investment portfolio as per stipulated guidelines and policies Consider risk appetite when making investment decisions Monitor and review the investment portfolio periodically Maintain a stop-loss policy to protect against downside risks 	
Compliance	The risk that a change in laws and regulations will materially impact the business, market or the industry	Business Process Risk	<ul style="list-style-type: none"> Non-compliance with rules and regulations can lead to enforcement action by the regulators. Impact on reputation 	<ul style="list-style-type: none"> Monitor and scan for changes to the current laws, regulations and directives Develop and maintain processes to comply with new regulations Senior Executives of the Company participate in policy making forums to bring perspective and clarity to new rules and regulations 	

 High Risk
  Moderate Risk
  Low Risk

Corporate Governance

Corporate Governance refers to the structures and processes that are established by a company for the direction and control of the organisation. It concerns the stewardship provided by the Board, relationship between the Board of Directors, Shareholders, Management and Other Stakeholders. A strong corporate culture and ethics are vital for the survival and profitability of an organisation in a highly competitive market. Therefore, sound Corporate Governance practices have been put in place at Janashakthi Insurance to achieve its objectives while complying with statutory rules and regulations.

The Governance structure at Janashakthi Insurance is driven by the Board of Directors who set the tone at the top. The Board approves the strategy and set the corporate values and determines the risk appetite of the Company. It ensures that the Company operates within the regulatory framework and applicable laws and legislation and that appropriate internal controls are in place to comply with the regulations.

The Governance Framework at Janashakthi Insurance is driven by Board approved policies and procedures which are in place governing all aspects of operations. These policies ensure the compliance of the organisation with applicable laws and regulations.

The Company is in compliance with the following Directions relating to Corporate Governance;

- Direction No. 17 on Corporate Governance issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL).
- Listing Rules issued by the Colombo Stock Exchange (CSE).

and voluntarily complies with the Code of Best Practice on Corporate Governance (Code) issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC) of Sri Lanka.

The Company's commitment and compliance with respect to the above Direction, Code and Rules are summarised in the table below.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/ICASL Code	Principle	Compliance Status	Comments
Sec. 1	The Company		
A	Directors		
IRCSL Direction S.1	The Board The Board of an Insurer must be comprised of a minimum of two Directors who are citizens of Sri Lanka and also residents of Sri Lanka.	Complied	As at 31st December 2021, the Board comprises of ten Directors (of whom eight are Non-Executive Directors). The requirement for residency and citizenship of Directors has been met.
Code A.1	The need for the Company to be headed by an effective Board, which should direct, lead and control the Company.	Complied	The Company is headed by a dynamic and effective Board. Board responsibilities and other core functions are discussed in detail in this report.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
CSE 7.10.1	Board of Directors to consist of at least 2 Non-Executive Directors or one third of total number of Directors, whichever is higher.	Complied	<p>The composition of the Board of Janashakthi Insurance PLC changed during the year with the appointment of late Mr. Anil Tittawella as Independent Non-Executive Director and Chairman and the re-designation of Mr. Prakash Schaffter as the Deputy Chairman. The following other changes also took place during the year:</p> <ol style="list-style-type: none"> 1. Resignation of Mr. Ramesh Schaffter, Executive Director 2. Retirement of Mr. Eardley Perera, Independent Non-Executive Director 3. Retirement of Ms. Manjula Mathews, Non-Executive Director <p>The following appointments were made to the Board during 2021:</p> <ol style="list-style-type: none"> 1. Mr. Deshal De Mel as Independent Non-Executive Director 2. Mr. Mahela Jayawardena as Independent Non-Executive Director 3. Ms. Annika Senanayake as Independent Non-Executive Director 4. Mr. Dinesh Schaffter as Non-Independent Non-Executive Director 5. Ms. Warini De Costa as Independent Non-Executive Director 6. Mr. R. N. Liyanage as Executive Director <p>The detailed individual profiles of Board members are provided on pages 20-23.</p> <p>The Directors are well qualified and experienced with a thorough understanding of the business complexities and are prominent corporate personalities, with experience in different industries.</p> <p>The Board approved the Company objectives and strategies for the year 2021 and was actively involved in monitoring the performance of both financial and non-financial objectives and targets.</p>

Corporate Governance

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
Code A1.1	The Board should meet regularly. Board meetings should be held at least once every quarter of a financial year in order to effectively execute Board's responsibilities, while providing information to the Board on a structured and regular basis.	Complied	<p>Board meetings were held every quarter and as and when the need arose. The Board met 11 times during the year 2021.</p> <p>The core focus of these meetings was to review and discuss the Company's performance to ensure target expectations are being met and to make relevant decisions at the highest level.</p> <p>In addition, the Board Sub-Committees were convened in relation to matters falling under the purview of each sub-committee.</p> <p>The Board Papers are forwarded to the Directors in advance of the meeting. Upon analysis, additional information requested by the Board has always been provided within a short period in order for the Board to be prepared in making decisions at the meetings.</p>
IRC SL Direction S. 2 (a)	The total period of service of a Director of an Insurer, other than an Executive Director, shall not exceed 9 years and such period in office shall be inclusive of the total period of service served by such Director up-to 01st July 2019.	Complied	The total period of service of any Non-Executive Director did not exceed 9 years of service.
IRC SL Direction S. 3	The age of a person who serves as Director shall not exceed 70 years.	Complied	The age of any of the Directors did not exceed 70 years.
IRC SL Direction S. 4	The Board of an Insurer must adhere to Section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE) (or any amendments made thereto), pertaining to Corporate Governance.	Complied	The status of compliance with Section 7.10 of the CSE Listing Rules is disclosed in this report.
IRC SL Direction S. 5	A person shall be disqualified to be a Director of an Insurer if such person is a Director of more than 20 companies, inclusive of subsidiaries or associate companies of the Insurer. Of such 20 companies, not more than 10 companies shall be classified as Specified Business Entities.	Complied	None of the Directors have exceeded the limit on Directorships specified.
Code A1.2	The Board's role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including:		

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
	Formulation and implementation of sound business strategy.	Complied	<p>The Board, in principle, is responsible for formulating and implementing the Company strategy and ensuring that the management team possesses the expertise to implement the business strategy. Strategies formulated are implemented through the Chief Executive Officer and Senior Management Team.</p> <p>Matters were discussed and debated by the Board taking all aspects into consideration with emphasis on how it will impact stakeholder interest, in order to decide and approve the appropriate strategy.</p> <p>The 2021 business plan and annual budget were revisited with specific focus on the life business, in light of the continuing COVID-19 pandemic situation.</p> <p>The Board advised and guided the Management team on successful execution of strategy.</p>
	Ensuring that the Chief Executive Officer (CEO) and Management team possesses the skills, experience and knowledge to implement the strategy.	Complied	<p>The Company is steered by a team of multi-disciplinary professionals (Profiles of Senior Management Team provided on pages 24-28), led by a CEO with diversified qualifications and experience reporting to the Chairman, an industry prominent figure with diversified qualifications and experience.</p>
	Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy.	Complied	<p>Janashakthi Insurance PLC has a succession planning process in place for identifying and grooming staff for key positions within the Company in order to ensure the continuity of its operations.</p>
	Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management;	Complied	<p>Effective systems and procedures are in place to ensure integrity of information, internal controls and information security. Such systems are continuously monitored by the Management, Internal and External Auditors. The Board Audit Committee periodically reviews these and the findings are reported to the Board for their decisions.</p> <p>Effective mechanisms are also in place to identify, assess and manage/mitigate risks faced by the Company which are discussed in detail in the Risk Management Report on pages 30-35.</p> <p>Janashakthi Insurance PLC duly updates its Business Continuity Plan to ensure sustainability of operations.</p>

Corporate Governance

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
	Ensuring compliance with laws, regulations and ethical standards.	Complied	<p>All new regulations pertaining to compliance with laws and regulations are discussed at the Board Meetings thus ensuring the commitment of the highest governing body.</p> <p>Further, the monthly list of Statutory Compliance is submitted to the Board on a quarterly basis for their review and comments for improvement. This process also ensures that the Board is updated with the Compliance aspects of the Company.</p>
	Ensuring that all stakeholder interests are considered in corporate decisions.	Complied	Janashakthi Insurance PLC has established a strong set of values within the Company, and adhering to these values and principles are encouraged at all times. The Board evaluates the impact on all the key stakeholders of the Company before arriving at any key business decision.
	Recognising sustainable business development in Corporate Strategy, decisions and activities.	Complied	The Board is mindful of sustainable business development and has always taken a long-term approach to insurance business development with improved focus on the Life Insurance business.
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	Complied	<p>The Board comprises of professionals from various backgrounds, including finance and many years of experience and exposure to financial regulations. The Board Audit Committee reviews the Accounting Policies and the Financial Statements to ensure that highest ethical standards in adopting accounting policies are adopted.</p> <p>The Company's accounting policies are in adherence to Sri Lanka Accounting Standards (SLFRS/LKAS) which has been adopted since the fiscal year 2012. In addition to the above, the accounting policies are reviewed on a frequent basis to ensure they are in line with the changing business specifics and best practices in the industry.</p>
	Fulfilling other Board functions as relevant to the organisation.	Complied	During the year, the Board endeavoured to fulfil their stewardship obligations on behalf of all stakeholders.
A1.3	Procedure to obtain independent professional advice where necessary.	Complied	The Board and its Sub-Committees have the authority, to obtain independent professional advice, legal counsel, consultants or other external expert advisors as and when deemed necessary, at the Company's expense.
A1.4	All Directors have access to the advice and services of the Company Secretary.	Complied	Janashakthi Corporate Services Limited serves as the Company Secretary for Janashakthi Insurance PLC. The Company Secretary ensures compliance with Board procedures, Companies Act and CSE regulations.

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
A1.5	All Directors should bring independent judgment to bear on issues of strategy, performance, resources and standards of business conduct.	Complied	<p>All Directors bring independent judgment and are conscious of avoiding matters of potential or actual conflicts of interests. Further, all Directors use independent judgment in choices made by the Board on matters of strategy, performance, resource distribution and the conduct of operations. All Directors make decisions impartially and independently in the pre-eminent interest of the Company.</p> <p>Each year various executive officers meet with the Board to review the previous year's results and progress to focus on goals and challenges of the upcoming year. Management also periodically updates the Board on progression of the business units focus goals.</p>
A1.6	Every Director should dedicate adequate time and efforts to matters of the Board and the Company.	Complied	<p>Board papers for discussion at a given meeting are circulated in advance of the said meeting, to provide Board members with sufficient time to study the material and request any additional information deemed necessary for the discussions.</p> <p>Board papers are discussed in detail and debated at the Board Meeting before a final decision is made. Members of the Executive Committee are also requested to make presentations when needed to obtain clarity in order to analyse a given situation.</p> <p>Directors' time was spent on strategy evaluation, performance review and directing corrective measures for fine tuning areas where it was deemed required. During 2021, significant time was allocated for discussions relating to addressing the situation arising as a result of the COVID-19 pandemic, which continued throughout 2021.</p>
A1.7	One third of Directors can call for a resolution to be presented to the Board.	Complied	There is no written process at the moment but this is currently accommodated.
A1.8	Every Director should receive appropriate training when first appointed to the Board and subsequently as necessary. The Board should regularly review and agree on the training and development needs of the Directors.	Complied	The Directors' knowledge and understanding of governance related matters is refreshed with briefings as necessary on required topics. A familiarization programme was held for the new Directors to gain an understanding of the Company's business and operations and the regulatory environment.

Corporate Governance

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
A2	<p>Chairman and CEO</p> <p>There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority so that no individual has unfettered power.</p>	Complied	<p>There is a clear division of responsibilities between the position of Chairman and CEO where it is ensured that no one individual has unfettered power of making decisions.</p> <p>To ensure delegation of authority, the Board has set up a number of sub-committees to reinforce practices of self-governance.</p>
A2.1	A decision to combine the posts of Chairman and the CEO as one person should be highlighted and justified.	Not Applicable	The Chairman and CEO positions are held by different individuals.
A3	Chairman's Role		
A3.1	The Chairman conducts Board proceedings in a proper manner.	Complied	<p>The Chairman ensures effective participation of both Executive and Non-Executive Directors in the conduct of Board Meetings.</p> <p>The Chairman also ensures that the views of each Director on any issue under consideration are ascertained and also that the Board is in complete control of the affairs of the Company.</p>
A4	<p>Financial Acumen</p> <p>The Board should ensure that the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.</p>	Complied	The Board comprises of one Chartered Accountant and she holds the position of Chairman of the Board Audit Committee. The Board collectively possess a strong financial acumen and capability to assess the integrity of the Company's financial reporting systems and controls, continually review and critique these systems and make changes to them as necessary.
Code A5	<p>Board Balance</p> <p>The Board should have a balance of Executive and Non-Executive Directors.</p>	Complied	As at 31st December 2021, the Board comprised of eight Non-Executive Directors, out of a total of ten Directors .
CSE 7.10.1	Two or one third of Directors, whichever is higher, should be Non-Executive Directors.		
A5.1	The Board should include three Non-Executive Directors or one third of total number of Directors, whichever is higher.		
A5.2	Three or one third of the Non-Executive Directors, whichever is higher, should be independent.	Complied	The Board comprises seven Independent Non-Executive Directors out of eight Non-Executive Directors as at 31st December 2021.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
CSE 7.10.2(a)	Two or one third of Non-Executive Directors appointed to the Board of Directors, whichever is higher, shall be independent.	Complied	Seven of the Non-Executive Directors are Independent Directors.
A5.3	Criteria for a Director to be deemed independent.	Complied	The independence of Non-Executive Directors is determined in line with the Listing Rules of Colombo Stock Exchange (CSE).
CSE 7.10.2(b) Code A5.4,	Non-Executive Directors should submit a signed declaration of their independence or non-independence.	Complied	Non-Executive Directors have submitted the declaration to determine their independence or non-independence.
CSE 7.10.3 A5.5	The Board should make a determination annually as to the independence or non-independence of Directors and set out in the Annual Report the names of Directors.	Complied	The Board has made a declaration as to the independency of the Directors. The information is disclosed in page 20-23.
CSE 7.10.3 c	The Board to publish in its annual report a brief resume of each Director which includes information on the nature of his/her expertise in relevant functional areas.	Complied	Please refer the details of Directors in page 20-23.
CSE 7.10.3. d	Provide a brief resume of new Directors appointed to the Board.	Complied	The required details have been provided to the CSE at the time of appointment of new Directors.
A5.6	Appointment of an Alternate Director.	Complied	
A5.7	Availability of a Senior Independent Director.	Not Applicable	
A5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Not Applicable	
A5.9	Chairman conducts Board meetings only with Non-Executive Directors at least once a year.	Not practiced	Chairman and the Directors share an excellent rapport and work together professionally. As such, separate meetings were not conducted during the year as any issue if any arose, will be discussed and resolved amicably in any event.

Corporate Governance

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
A5.10	Recording of Directors concerns on Board meetings in matters, which cannot be unanimously resolved.	Complied	Any significant concerns raised by the Directors at the Board Meetings, are recorded in the Minutes.
A6	Supply of Information The Board should be provided with timely information in a form and of a quality appropriate to enable it discharge its duties.	Complied	The Board receives a standard set of timely, accurate and reliable information regularly. These include both financial and non-financial data and the Board at any given time could request for additional information in order to clarify or make a reliable judgment and discharge its duties effectively.
A6.1	Management has an obligation to provide the Board with appropriate and timely information.	Complied	The Board of Directors has full access to members of Management. Key members of Management report at Board and Board Sub-Committee meetings on request and provide the Directors with additional information upon request. The Chairman oversees that all Directors who have not attended a particular meeting are adequately briefed through circulation of formally documented minutes and through a brief re-cap of previous meetings' agenda items.
A6.2	The minutes, agenda and papers required for a Board meeting ordinarily be provided to Directors at least seven days before the meeting and the minutes of the meeting should be provided at least two weeks after the meeting date.	Complied	The Board is provided with materials in advance of any meeting for review and study. Members of Management, depending upon items to be considered at the meeting, compile most material and submit seven days prior to a meeting.
A.7	Appointments to the Board There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Complied	A Board Nominations Committee is in place with the mandate of bringing to the Board's attention any suitable outstanding nominations for consideration if and when the situation arises. Names of Chairman and members of the Nomination Committee and details of meetings is available on page 111.
A7.1	A Nomination Committee should be established to make recommendations to the Board on all new appointments. The Chairman and Members of the Nomination Committee should be disclosed in the Annual Report.		

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
A7.2	The Nomination Committee should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands of the Company.	Complied	The strength and composition of the Board is assessed by the Nomination Committee to ensure that their knowledge and experience complement the vision and strategy of the Company.
A7.3	Upon appointment of new Directors, the Company disclose information to the shareholders.	Complied	The Company complies with the CSE Rules and has a procedure in place where shareholders are informed of all new appointments via a disclosure made to the CSE.
A8	Re-election All Directors should be required to submit themselves for re-election at regular intervals and at least in every three years.	Complied	The Non-Executive Directors are subject to re-election by shareholders at the first AGM after their appointment and to re-election thereafter at intervals.
A8.1	Non-Executive Directors should be appointed for specified terms subject to re-election.	Complied	One third of the total number of Directors commencing with the longest in office since their last election shall retire each year, by rotation.
A8.2	All Directors including the Chairman of the Board should be subject to election by shareholders at the first opportunity after their appointment and to re-election thereafter at intervals of no more than three years.	Complied	This procedure is in place.
A8.3	Resignation In the event of a resignation of the Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Complied.	The Directors who resigned/retired during the year have given written communication to the Board.
A9	Appraisal of Board Performance Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.		
A9.1	The Board should annually appraise itself on its performance in its key responsibilities.	Complied	The performance of the Board was assessed with regard to the performance of its key responsibilities.
A9.2	An annual self-evaluation of its own performance and that of its committees.	Practiced informally	All sub committee reports to the main board. A formal review of each sub committee's performance is not practiced. All sub committee minutes are submitted to the Board of Director Meetings.

Corporate Governance

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
A9.3	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election.	Complied	The Company Secretary maintains records of participation and engagement of each Director.
A9.4	Disclosure regarding the performance evaluation in the Annual Report.	Complied	A formal evaluation of the Board is currently conducted and disclosed in page 114.
A10	Disclosure of information in respect of Directors. Shareholders should be kept advised of relevant details in respect of Directors.	Complied	All relevant information is disclosed in the Annual Report.
A10.1	Annual Report should set out the following information in relation to Directors: <ul style="list-style-type: none"> • Name, brief profile • Nature of expertise • Material business relationships • Whether Executive, Non-Executive and/or Independent Director • Names of other listed Companies they have Directorship • Number of Board meetings attended • The total number of Board seats held by each Director • Names of Board Committees in which the Director serves • Number of Committee meetings attended 	Complied	Please refer pages 20-23 and pages 106-113
A.11	Appraisal of CEO The Board should be required, at least annually, to assess the performance of the CEO.	Complied	The Board assesses the performance of the CEO annually in keeping with Board stipulated guidelines.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
A11.1	The Board in consultation with the CEO, should set, financial and non-financial targets that should be met by the CEO.	Complied	<p>The Board ensures that a business performance plan is completed and approved by the Board for each year of operation.</p> <p>This plan is developed to tie up with the corporate plan of the Company and Key Performance Indicators (KPIs) are drawn up to monitor the success of operations.</p> <p>The overall KPIs are used to evaluate the performance of the CEO against results achieved by the Company.</p>
A11.2	The Board, at the end of each fiscal year, should evaluate the performance of the CEO.	Complied	The Remuneration Committee of the Board carries out this evaluation and submits their briefing to the Board, for any further discussion required.
B	Directors' Remuneration		
B1	Remuneration Procedure	Complied	
	Companies should establish a formal and transparent procedure for developing policy on executive remuneration.		<p>The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration Committee.</p> <p>The Committee is responsible for the development of executive remuneration and no Director is involved in deciding his/her own remuneration. The purpose of the Committee is to assist the Board in matters of compensation of the Company's Executive Directors, Corporate Management Team and other employees as determined by the committee.</p>
CSE 7.10.5, Code B1.1	Board should set up a Remuneration Committee.	Complied	A Remuneration Committee has been established in this regard and functions within agreed terms of reference is provided on page 109-110.
CSE 7.10.5a, Code B1.2	The Committee should exclusively consist of Non-Executive Directors of whom the majority should be independent.	Complied	The Remuneration Committee consists of Non-Executive Directors, majority of whom are Independent.
CSE 7.10.5c, Code B1.3	The names of the Chairman and the members of the Committee to be disclosed.	Complied	Please refer The Human Resource and Remuneration Committee Report on page 109-110.
Code B1.4	Determination of remuneration of Non-Executive Directors.	Complied	The Non-Executive Directors are paid a fee for their services that is approved by the Board.
Code B1.5	Consultation of Chairman/CEO in deciding the remuneration and access to professional advice.	Complied	The Remuneration Committee consults the Chairman where necessary, and has access to professional advice within and outside the Company.

Corporate Governance

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
Code B.2	<p>The level and makeup of remuneration</p> <p>Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain Directors.</p>	Complied	<p>Remuneration levels have been designed to attract, retain and motivate Directors and Senior Management of high calibre required to run the Company successfully, while remaining within the industry's remuneration standards.</p> <p>Remuneration of the Executive Directors is proposed by the Remuneration Committee and approved by the Board.</p>
B2.1	The Remuneration Committee should provide the packages needed to attract and retain Executive Directors.	Complied	The Remuneration Committee reviews the market practices and industry remuneration levels and most importantly, the Company performance, in determining the remuneration of the Executive Directors and Senior Management Team.
B2.2	Executive Directors' remuneration should be designed to promote the long-term success of the Company.	Complied	The remuneration levels are designed to attract and retain the best talent to ensure the long-term success and sustainability of business.
B2.3	Remuneration Committee should set remuneration in line with industry standards and the Company performance.	Complied	The Remuneration Committee compares the remuneration levels of the Company with such packages of comparable companies in the industry.
B2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies.	Complied	The industry standards and other best practices are reviewed in arriving at remuneration levels of the Company.
B2.4	The Remuneration Committee should be sensitive to employment conditions and remuneration elsewhere within the Company when determining salary increases.	Complied	The overall increase in annual budget for salary increments were maintained at stipulated levels and the Company strictly adhered to this policy in 2021.
B2.5	Performance related elements of remuneration of Executive Directors should be aligned with interest of the Company and the main stakeholders.	Complied	As stated above, this area is a specific task of the Board Remuneration Committee.
B2.6	Executive Share Options.	Not Applicable	The Company has not implemented a Share Option Scheme for its Directors or employees at present.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
B2.7	In designing schemes of performance-related remuneration, Remuneration Committee should follow the provisions set out in the standard.	Complied	<p>The Chief Executive Officer and employees at all levels are eligible for annual performance linked bonuses based on the achievement of pre-agreed targets. The basis for such payments is communicated to all employees.</p> <p>Apart from this, the Company does not have any long-term incentive schemes, including Share Option Schemes.</p> <p>There are no pension schemes/ benefits within the organisation, therefore, pensions consequences and associated costs of salary increases to Directors closing retirement would not have an effect.</p> <p>All employees including the Executive Directors are eligible for a Gratuity payment as per statutory requirements when leaving the organisation and the impact of future Gratuity payout is considered when determining salary increases.</p> <p>Performance-related remuneration schemes are not applied retrospectively.</p> <p>Non-Executive Directors are not eligible for performance-based remuneration schemes.</p>
B2.8 B2.9	Compensation commitments in case of early terminations.	Complied	There are no terminal compensation commitments other than gratuity in the Company's contracts of service.
B2.10	Levels of remuneration for Non-Executive Directors.	Complied	A monthly allowance and an attendance fee is paid.
B.3 CSE 7.10.5. c	Disclosure of remuneration Annual Report should contain a statement of remuneration policy and details of remuneration of the Board as a whole.	Complied	A statement regarding the Company's Remuneration policy is provided in The Human Resource and Remuneration Committee Report in pages 109-110 and details of remuneration to the Board as a whole provided on Director's report pages 118-122.
B3.1	Names of Directors of the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	Details of the Remuneration Committee are provided in the Corporate Governance report pages 109-110.

Corporate Governance

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
C	Relations with shareholders		
	Boards should use the AGM to communicate with shareholders and should encourage their participation.		
C.1	Constructive use of the AGM and conduct of General Meetings.	Complied	All steps have been taken to protect shareholder rights at all AGMs, including the receipt of notice of the AGM within the specified period, raising questions to the Board and various other committees, voting for the election of new Directors or any other issue of materiality that requires a shareholder resolution.
C.1.1	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied	We ensure that relevant communications reach the shareholders as determined by statute, prior to the meeting.
C.1.2	Separate resolution at each AGM on each substantially separate issue.	Complied	Each substantially separate issue is proposed as a separate resolution. The adoption of the report and accounts is also proposed as a separate resolution.
C.1.3	Counting of all proxy votes.	Complied	Proxy votes together with the votes of shareholders present at the AGM are considered for each resolution.
C.1.4	Presence of the Chairman of all the Sub-Committees at the AGM.	Complied	The Chairman ensures the presence of all Board members and the Chairman of sub committees are present at the AGM to provide any clarification.
C.1.5	Circulation of notice and related documents to shareholders.	Complied	The Board of Directors is responsible for developing the agenda and sending it to the shareholders. The notice of meetings and related documents are circulated to the shareholders at least fifteen working days prior to the AGM.
C.2	Communication with Shareholders - The Board should implement effective communication with shareholders.	Complied	All information with regard to the Annual Report is disseminated through the Chief Financial Officer and all other changes through the Company Secretary - Janashakthi Corporate Services Limited.
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.		
C.2.2	The Company should disclose the policy and methodology for communication with shareholders.	Complied	<p>Janashakthi maintains an "Open Door" policy with regard to communication with shareholders and they are welcome to make their suggestions, inquiries to the Board Secretary or CEO on any relevant issues.</p> <p>The Company Secretary is designated to liaise and correspond on any formalities. In addition, the Shareholders are welcomed to attend the Company AGM and share their thoughts and views on any matters of concern to the Board.</p>

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
C.2.3	The Company should disclose how they implement the above policy and methodology.	Complied	Please refer above.
C.2.4	The Company should disclose the contact person for such communication.	Complied	Shareholders could reach the Chairman and CEO or meet them on prior appointment by contacting their respective Secretaries. The Company Secretaries, Janashakthi Corporate Services, can be contacted on 011-2145030.
C.2.5	There should be a process to make all Directors aware of major issues and concerns of shareholders and this process has to be disclosed by the Company.	Complied	Any issues of relevance and significance will be brought to the attention of the Board by the Company Secretaries.
C.2.6	The Company should decide the person to contact in relation to shareholders' matters. The relevant person with statutory responsibilities to contact in relation to shareholders' matters is the Company Secretary or in his/her absence should be a member of the Board of Directors.	Complied	The Company Secretaries could be contacted in relation to shareholder matters.
C.2.7	The process for responding to shareholder matters should be formulated by the Board and disclosed.	Informally in place	All shareholder inquiries are responded to on a rapid turnaround basis.
C3	<p>Major Material Transactions</p> <p>Further to complying with the requirements under the Companies Act, Securities and Exchange Commission (SEC) law and Colombo Stock Exchange (CSE) regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net asset base or in the case of a Company with subsidiaries, the consolidated group net asset base.</p>		

Corporate Governance

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
C3.1	<p>Directors should disclose to shareholders of any material transactions and obtain shareholders' approval by ordinary resolution at an extraordinary general meeting prior to engaging in or committing to a 'Major related party transaction' involving the acquisition, sale or disposition of greater than one third of the value of the Company's assets or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets.</p> <p>Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net assets base.</p>	Complied	There were no material related party transactions in the year under review.
C3.2	Comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulations of the Securities Exchange Commission (SEC) and Colombo Stock Exchange (CSE).	Complied	The Company Secretary ensures the disclosure requirements and shareholder approval by special resolution.
D	Accountability and Audit		
D.1	Financial Reporting		
	The Board's responsibility to present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.	Complied	<p>The Directors have taken all reasonable steps in ensuring the accuracy and timeliness of published information and in presenting a true and balanced assessment of the Company's position.</p> <p>Company's position and future direction is discussed in detail in Chairman's and CEO's Reviews on pages 10-18 and Management Discussion and Analysis on pages 72-105.</p>
D1.1	The Board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared according to relevant laws and regulations.	Complied	The Company presents its financial statements in adherence to Sri Lanka Accounting Standards (SLFRS/LKAS) and other applicable laws and regulations and the information disclosed is true, fair, balanced and understandable.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
D.1.2	The Board's responsibility to present interim and other price sensitive public reports to regulatory and statutory bodies.	Complied	All material and price sensitive information about the Company is promptly communicated to the CSE, where the shares of the Company are listed and released to the press and shareholders. Interim Accounts and the Financial Statements were filed on due dates and Company's Compliance function ensures that these were duly carried out.
D1.3	The Board should, before it approves the Company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, financial records of the entity have been properly maintained and comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	Complied	The CEO and CFO ensure that financial records are properly maintained in line with the appropriate accounting standards and that it gives a true and fair view of the financial position and performance.
D.1.4	The Director's Report.	Complied	A comprehensive Directors' report in line with the Corporate Governance requirements are provided in the Annual Report of The Board of Directors' on the Affairs of the Company in the section Financial Information on pages 118-122.
D.1.5	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of financial statements, together with a statement from the Auditors about their reporting responsibilities.	Complied	The statement of Director's Responsibility is provided in the section Financial Information on page 125. The reporting responsibilities of the Auditors are highlighted in the Independent Auditors Report on pages 128-131.
D.1.6	The Annual Report should contain a "Management Discussion and Analysis" Report.	Complied	A detailed report is provided on pages 72-105.
D.1.7	Summoning an EGM if the net assets fall below half of the shareholder funds.	Not Applicable	In the unlikely event that the net assets of the Company fall below a half of shareholders' funds, shareholders would be notified at an EGM on the proposed way forward.

Corporate Governance

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
D.1.8	The Board should adequately and accurately disclose the related party transactions in its Annual Report.	Complied	This requirement has been complied with. The relevant disclosures are given in pages 184-185.
D.2	<p>Risk Management and Internal Control</p> <p>The Board should have a process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.</p>	Complied	<p>The Board and the Board Audit Committee have the overall oversight of the system of internal control and of monitoring its effectiveness, while the implementation of the internal control system is the responsibility of the Risk and Compliance Team.</p> <p>The detailed Risk Management Report is provided on pages 189-200.</p>
D.2.1	The Board should monitor the Company's risk management and internal controls system and at least annually, carry out a review of their effectiveness and report on that review in the Annual Report.	Complied	An update on the Risk Management Framework and internal audit findings is presented to the Board on a periodic basis which gives the Board the opportunity to challenge the process and make recommendations for further improvements.
D.2.2	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors should describe those risks and explain how they are being managed or mitigated.	Complied	<p>The periodic assessment of risks that may have an impact on the business model, future performance, solvency or liquidity was conducted in the year 2021.</p> <p>The Report on Risk Management which highlights the key business risks and the risk mitigation actions are disclosed on pages 189-200.</p>
D.2.3	Companies should have an Internal Audit function.	Complied	The Company has an Internal Audit function.
CSE 7.10.6	A Listed Entity shall have an Audit Committee.	Complied	An Audit Committee has been established which is in conformity with the Listing Rules.
D.2.4	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of Risk Management and internal controls and to document to the Board and take responsibility for the disclosures on internal controls.	Complied	The Board Audit Committee reviews Internal Audit Reports and inquire in to the efficiency and adequacy of internal controls when such inquiry is deemed necessary and required.
D.2.5	Guidance on the responsibilities of Directors in maintaining a sound system of internal controls and the contents of the statement of Internal Controls are disclosed	Complied	This report has been tabled in the Board Audit Committee meeting for review.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
D.3	Audit Committee The Board should establish formal and transparent arrangements for selecting and applying accounting policies.	Complied	The Board has delegated their responsibility with regard to financial reporting, internal controls and maintaining appropriate relationships with External Auditors to the Board Audit Committee. Accounting policies are agreed between the Auditors and the Board Audit Committee.
D.3.1	Composition should be exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent.	Complied	The Board Audit Committee comprises of three Independent Non-Executive Directors. The composition of the Board Audit Committee is provided on pages 106-108.
D.3.2	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties.	Complied.	The Board Audit Committee operates within a framework of Board Approved Terms of Reference.
D.3.3	Disclosures A separate section of the annual report should describe the work of the committee in discharging its responsibilities.	Complied	The work of the Board Audit Committee is described in pages 106-108.
CSE 7.10.6.c	The names of the Directors comprising the Audit Committee should be disclosed in the Annual Report.	Complied	Please refer pages 106-108 the report of the Board Audit Committee.
D.4	Related Party Transactions Review Committee		
Principle D.4	The Board should establish a procedure to ensure that the Company does not engage in transactions with 'related parties' in a manner that would grant such parties 'more favourable treatment' than that accorded to third parties in the normal course of business.	Complied	This is achieved by having the Related Party Transactions Review Committee in place.
D.4.1 & D.4.2	The Board should establish a Related Party Transactions Review Committee consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. The Chairman should be an Independent Non-Executive Director appointed by the Board.	Partially Complied	As at 31st December 2021, Related Party Transactions of Janashakthi Insurance PLC consists of three Directors, two of whom are Non-Executive Directors. Majority of the Members, including the Chairman are Independent Non-Executive Directors.

Corporate Governance

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
D.4.3	Related Party Transaction Review Committee should have written Terms of Reference dealing clearly with its authority and duties.	Complied	The Related Party Transaction Review Committee Report has a Board approved Terms of Reference.
D.5	<p>Code of business conduct and ethics</p> <p>Companies must adopt a Code of Business Conduct and Ethics for Directors and Key Management Personnel and must promptly disclose any waivers of the Code for Directors or others.</p>	Partially complied	The Company has in place a Code of Business Conduct and Ethics for all staff. The code does not apply to Directors.
D.5.1	All Companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a Code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such Code and if unable to make that declaration, state why they are unable to do so.	Complied	A guideline is available for all levels of Management and specifically for sales personnel.
D.5.2	The Company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Complied	Any material and price sensitive information is promptly disclosed in accordance with the relevant regulators.

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/ICASL Code	Principle	Compliance Status	Comments
D.5.3	The Company should establish a policy, process for monitoring and disclosure of shares purchased by any Director, key management personnel or any other employee involved in financial reporting.	Complied	Monitored and disclosed on a timely basis.
D.5.4	The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced Company-wide and the procedure for disseminating, monitoring and compliance with that code.	Complied.	A code of conduct and ethics has been introduced and is implemented Company-wide. Please refer the affirmation in the Deputy Chairman's Report on pages 10-13.
D.6	<p>Corporate Governance Disclosures</p> <p>Directors should disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.</p>	Complied	The Company is in compliance with the IRCSL Direction on Corporate Governance and the CSE Listing Rules on Corporate Governance. It is the Board's view that the Company is compliant with most of the provisions set down in the Corporate Governance Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC) throughout the accounting period under review.
D.6.1	The Directors should include in the Company's Annual Report, a Corporate Governance Report.	Complied	The Annual Report contains this report from pages 36-62 setting out the manner and extent to which the Company is compliant to accepted good Corporate Governance principles and provisions of the Code of Best Practice on Corporate Governance issued jointly by the SEC and the ICASL (Code) and Listing rules of the Colombo Stock Exchange (CSE).

Corporate Governance

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
Sec 2	Shareholders		
E	Institutional Investors		
Principle E.1	Shareholder Voting Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated in to practice.		
E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders.	Complied	The Company Secretary corresponds with the shareholders as and when the need arises. Dialogue is also maintained by shareholder meetings convened to discuss Company position.
E.2	Evaluation of governance disclosures Institutional investors should be encouraged to give due weight to all relevant factors.	Complied	The Management and Board maintain regular dialogue with institutional shareholders with regard to key business transactions.
F	Other Investors		
F.1	Investing/Divesting Decision Encourage individual shareholders to carry out adequate analysis in investing or divesting decisions.	Complied	The Annual Report contains detailed information to enable and encourage individual shareholders to make informed decisions. The Deputy Chairman's Review Pages 10-13, Management Discussion and Analysis pages 72-105 and Annual Financial Statements pages 132-188 are aimed at providing a balanced view of the Company's performance and prospects. The Company also cooperates with stockbrokers and other research agencies in carrying out research. The resulting information is circulated among shareholders to facilitate decision making.
F.2	Shareholder Voting Individual shareholders should be encouraged to participate in General Meetings of Companies and exercise voting rights.	Complied	All shareholders are encouraged to participate and vote at General meetings and the Company has had sizeable representation at Company AGMs.
G	Internet of Things and Cybersecurity		
Principle G.1	The Board should have a process to identify how in the Organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business.	Complied	The Risk Management Process that is used Company-wide is used to address and manage Cyber security risks. It has been identified as a key risk under the Company Risk Framework on pages 189-200.

Reference to Section in IRC SL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
Principle G.2	The Board should appoint a Chief Information Security Officer with sufficient expertise, authority and budgetary allocation to introduce and implement a cybersecurity risk management policy which should be approved by the Board.	Complied to a great extent	There is a dedicated team ensuring the IT Governance aspect under Head of IT even though there is no designated Chief Information Security Officer. The Company's risk management and internal audit functions give assurance by conducting periodic audits.
Principle G.3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber-risk management.	Complied	Periodic updates are given to the Board by the Management on the measures taken to ensure cyber security and internal controls in place for the Board to evaluate the adequacy of such controls.
Principle G.4	The Board should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance.	Complied	The IT Security and controls are independently evaluated by Internal and External Auditors.
Principle G.5	The Board should disclose in the annual report, the process to identify and manage cyber security risks.	Complied	The risk management process that is applied Company-wide is used with regard to cyber security risks as well.
H	Environment, Society and Governance (ESG)		
Principle H.1	The Company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported.	Informally in place	At Janashakthi, we believe in our responsibility towards our society, environment and the people we serve. While we conduct our head office and branch operations within local laws and regulations with regard to the environment, we are looking to formalise the measurement of our environmental impact in the coming year.
H.1.1	Companies should provide information in relation to; <ul style="list-style-type: none"> The relevance of ESG factors to the business models and strategy How ESG issues may affect their business How risks and opportunities pertaining to ESG are recognized, managed, measured and reported. 		
H.1.2	Environmental Factors Disclosure of environmental governance factors		

Corporate Governance

Reference to Section in IRCSL Direction/CSE Listing Rule and SEC/CASL Code	Principle	Compliance Status	Comments
H.1.3	Social Governance Disclosure of social governance factors.	Complied	As an Insurance provider with deep roots in the community, Janashakthi understands our responsibility to the society and communities that we operate in. Ingrained within the organisation is a long history of good social governance as a responsible corporate citizen. For more details on our corporate social responsibility initiatives, please refer pages 90-96.
H.1.4	Governance		
H.1.4.1	Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long term, recognizing, managing and reporting on all pertinent aspects of ESG.	Informally in place	The governance structure of the Company supports the said aspects.
H.1.5	Board's role on ESG factors ESG reporting and disclosure should be formalized as part of the Company's reporting process and take place on a regular basis.	Informally in place	Refer pages 63-105.

COMPLIANCE WITH SOLVENCY REQUIREMENTS AND REGULATIONS GOVERNING INVESTMENTS

The Company solvency requirements are governed by the RII Act rules 2002 (Life) and subsequent amendments thereafter. These have been strictly adhered to during the year 2021 and the Company's Solvency Statement is provided on page 202.

ASSETS AND LIABILITIES COMMITTEE

Assets and Liabilities Committee (ALCo) has the responsibility of setting guidelines for investment of the Company's assets and finances, ensuring that all investments earn the optimum return to the Company while adhering to all statutory requirements. The ultimate authority on investment decisions lies with the Asset and Liabilities Committee (ALCo).

The Company periodically updated its internal Company investment guidelines to secure and strengthen the Company's investment procedure. A process of carrying out a detailed evaluation/check list on the risk profile is part of current procedure.

INTERNAL SELF-ASSESSMENT CERTIFICATION

A monthly Self-Assessment Questionnaire has been established as a new procedure in each Operating Division of the Company. This certification includes a Corporate Compliance Checklist and a Certification by the Head of Division that all Statutory and Regulatory Compliance Requirements have been met in full. The due dates and actual dates of submission of returns and/or reports specified by the checklist are also included.

This procedure has been introduced to ensure that all compliance requirements, statutory and non-statutory, are complied with and any failure to comply is immediately brought to the notice of the senior management group which can take immediate action as needed. This certification is forwarded to the CEO who also has to sign-off thereon.

In a rare event of non-compliance, the reasons for such non-compliance as well as steps being taken to ensure compliance must be stated. All such reports are then compiled together, summarized and submitted for the next meeting of the Board of Directors, where it is a fixed agenda item.

A summary of the Compliance Status with regard to all statutory requirements are provided in the table below; It is believed that this process significantly enhances the Corporate Governance mindset, procedures and ensures Company-wide compliance with all Regulatory, Statutory and Non-Statutory internal deliverables. This collectively contributes to developing high standards of Corporate Governance in the Company.

COMPLIANCE STATUS OF REQUIREMENTS – JANASHAKTHI INSURANCE PLC

During the year 2021, Janashakthi Insurance PLC was in compliance with the applicable rules and regulations issued by various regulatory authorities.

Statement/Report	Regulatory Body	Relevant Act	Current Status
Motor Levy	Department of Motor Traffic	Finance Act No 16 of 1995	Complied
SRCC/TC/FUND	Ministry of Finance	Cabinet Memorandum	Complied
VAT	Insurance Regulatory commission of Sri Lanka	VAT Act No 14 of 2002	Complied
Returns to IRCSL (Quarterly/ Annual/ Further Returns/ Actuarial Returns/ Circular/ Management Letter)	Insurance Regulatory commission of Sri Lanka	Regulation of Insurance Industry Act No 43 of 2000	Complied
Annual Fee to IRCSL	Insurance Regulatory commission of Sri Lanka	Regulation of Insurance Industry Act No 43 of 2000	Complied
Reinsurance Arrangements to the Controller	Insurance Regulatory commission of Sri Lanka	Regulation of Insurance Industry Act No 43 of 2000	Complied
Copy of Register of Insurance Agents Registered with Janashakthi Insurance PLC	Insurance Regulatory commission of Sri Lanka	Regulation of Insurance Industry Act No 43 of 2000	Complied
Stamp Duty	Department of Inland Revenue	Stamp Duty (Special Provisions) Act No 12 of 2006	Complied
CSE Quarterly Returns	Colombo Stock Exchange	CSE Listing Rules	Complied
Anti-Money Laundering Statements	Financial Intelligence Unit-Central Bank of Sri Lanka	Financial Transactions Reporting Act No 6 of 2006	Complied
EPF and ETF	Central Bank of Sri Lanka/ETF Board	EPF Act NO 15 of 1958 and ETF Act NO 46 of 1980	Complied
Legal Interest	Monetary Board	Civil Procedure Code	Complied
Annual Return to the Registrar of Companies	Registrar General of Companies	Companies Act No 7 of 2007	Complied

Corporate Governance

Statement/Report	Regulatory Body	Relevant Act	Current Status
Maintenance of Registers (Registers of Charges, Directors, Shareholder Minutes, Directors Interest and Minutes of meetings held)	Registrar General of Companies	Companies Act No 7 of 2007	Complied
Annual Reports	Insurance Regulatory Commission of Sri Lanka	Regulation of Insurance Industry Act No 43 of 2000	Complied
Audited Accounts	Insurance Regulatory Commission of Sri Lanka	Regulation of Insurance Industry Act No 43 of 2000	Complied
Income Tax Return	Department of Inland Revenue	Inland Revenue Act No 10 of 2006	Complied
Crop Insurance Levy	National Insurance Trust Fund	Finance Act No 12 of 2013	Complied

CONCLUSION

Corporate Governance is of paramount importance to the Company and is virtually as important as its major business strategies. It augments the Company's image in the public eye as a self-policing Company that is accountable and worthy of shareholder and debt holder capital. It dictates the collective philosophy, practices and culture of an organisation and its employees. At Janashakthi Insurance PLC, Corporate Governance plays a strong role in all its principal activities. Janashakthi Insurance PLC strives to further enhance its governance structure to identify Corporate Governance practices that can effectively bring about a culture of sustainability within the business entity. In 2021, Janashakthi Insurance PLC continued to stand strong with a resilient governance structure to face the challenges the year brought about.

During 2021, Janashakthi Insurance PLC was in compliance with the Direction on Corporate Governance issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) and the Corporate Governance requirements of the Listing Rules of the Colombo Stock Exchange (CSE) and to a great extent with the Code of Best Practice issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL).

Engaging with Our Stakeholders

For Janashakthi Life, our stakeholders are the stalwarts behind the Company's sustained and successful business operations. They have a significant direct and indirect impact on how we set our strategies, develop products, offer services and carry-on normal business operations. We also understand that stakeholder opinions and actions with regards to the Company at any given time can impact the business either positively or negatively. Hence, we endeavour to make stakeholder engagement a cornerstone of the Company's strategic planning process.

Furthermore, effective stakeholder engagement facilitates the Company to better understand the key needs and expectations of each stakeholder group and obtain insights from stakeholder experiences and opinions.

The information gathered facilitates the development of appropriate strategies which are then transformed into fruitful business opportunities. Plus, engaging with our stakeholders is how the Company pursues the fulfilment of their evolving needs and wants.

While the Company's stakeholder engagement process has only been recently formalised, we have from the beginning recognised the importance of having continuous dialogues with all our key stakeholder groups and have ingrained certain best practices within our business processes.

Key Stakeholder Groups		
	Shareholders	<ul style="list-style-type: none"> • In effect, the owners of the Company • Must be satisfied through adequate shareholder returns • Creates Financial Capital value
	Employees	<ul style="list-style-type: none"> • Provide the knowledge, know-how and skills to meet the Company's strategic goals and fulfil the expectations of other stakeholders • Must be satisfied by providing adequate remuneration and fulfilment of personal and career growth expectations • Creates Human Capital and Intellectual Capital value
	Policyholders	<ul style="list-style-type: none"> • The people whose goodwill and confidence in the Company ensures we continue to develop the business and meet performance objectives • Must be satisfied by offering a range of products to fulfil their insurance needs and extending service levels which are convenient and efficient • Creates Relationship Capital and Intellectual Capital value
	Investors/ Bankers	<ul style="list-style-type: none"> • They are our partners in collecting premiums and processing claims and payments • Must be satisfied by the timely payment of fees and service costs • Creates Financial Capital value
	Regulatory Bodies	<ul style="list-style-type: none"> • They provide the rules and the support required to continue as a listed insurance business in a transparent and an ethical manner • Must be satisfied by meeting regulatory requirements and by conducting ethical and transparent business operations • Creates Social, Relationship and Intellectual Capital value
	Reinsurers	<ul style="list-style-type: none"> • They help protect the Company's financial stability and assist in reducing risk exposure • Must be satisfied by providing information in a timely manner and timely settlement of invoices • Creates Financial Capital and Relationship Capital value

Engaging with Our Stakeholders

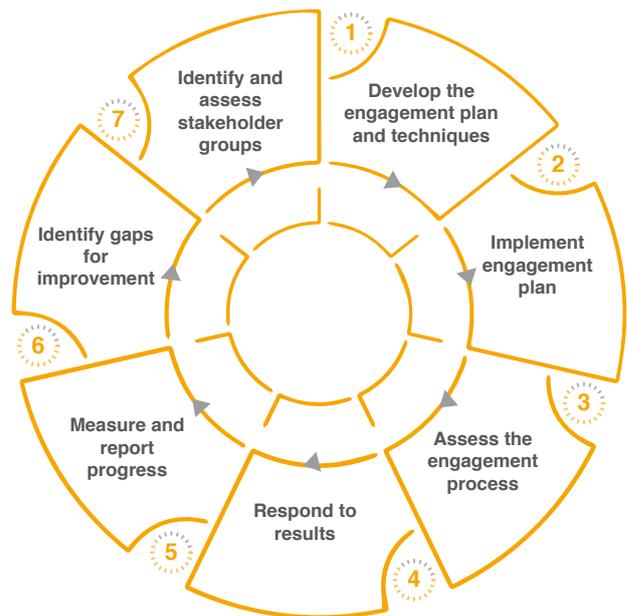
Key Stakeholder Groups		
	Suppliers	<ul style="list-style-type: none"> • They provide the backend and back-office materials, goods and services required to operate day-to-day business activities • Must be satisfied by the timely settlement of invoices and favourable contract terms • Creates Social and Relationship Capital value
	Community/ Society	<ul style="list-style-type: none"> • Other stakeholders are a part of extended communities and new customers and employees are also obtained from the society at large • Fulfil their expectations of being a responsible corporate with ethical business practices • Creates Social and Relationship Capital value
	Ecosystem	<ul style="list-style-type: none"> • The natural resources used to meet the needs of everyday business activities • Must be conserved for future generations • Creates Natural Capital value

STAKEHOLDER ENGAGEMENT PROCESS

The Company's Stakeholder Engagement Process takes a holistic approach in understanding stakeholder expectations by involving all stakeholder groups impacted directly and indirectly by the Company's business decisions and operations. To receive effective and usable feedback and information from stakeholders, we endeavour to approach stakeholder engagement as a two-way communication process between the stakeholder and stakeholder groups and the Company or its representatives.

The engagement process opens the arena for stakeholders to freely discuss any issues or concerns they have. It also provides a forum for sharing ideas with the Company or other stakeholder groups. The engagement process has also been beneficial to the Company as it provides for effective decision-making thereby negating the pursuit of ineffective strategies and undue expenses. An integral and treasured aspect of our stakeholder engagement process is the long-term relations based on trust and honesty which we have successfully established with our stakeholders over time.

Overall, the Company's efforts to engage productively and realistically with our stakeholders has enabled us to manage business risks more efficiently and effectively while augmenting the Company's status in the industry and enhancing our brand value over the years.



The mechanism used by the Company to ensure effective stakeholder engagement.

Overview of the results of the stakeholder engagement process and the Company's use of information obtained.

Stakeholder(s)	Key Stakeholder Concerns/Expectations	Method(s) of Engagement	Frequency of Engagement	Company Approach to Satisfy Stakeholder Concerns/Expectations	Challenges Faced by the Company in 2021
Shareholders	<ul style="list-style-type: none"> Wealth maximisation Higher return on investment Risk management Transparent and ethical business conduct Increasing market capitalisation Increasing market price per share 	Annual Report Interim Financial Statements Annual General Meeting Shareholder circulars and other notices Extraordinary General Meeting	Annually Quarterly Annually When required When required	<ul style="list-style-type: none"> Meeting business goals and objectives Year-on-year growth in financial Performance Minimise Market, Credit, Life and Operational risk and build a sustainable business model Maintaining best governance practices Business Continuity Planning (BCP) Growth in shareholder returns 	<ul style="list-style-type: none"> Meeting sales objectives due to the lockdowns during the year Volatility in fixed income markets Maintaining an advantageous assets and liabilities position (ALM) Managing mismatches across policyholder funds Predicting the equity market response to macroeconomic and microeconomic volatility Finding shared interest with other stakeholders
	<ul style="list-style-type: none"> Competitive remuneration Job satisfaction Job security Health and well-being Training and development Equal opportunity employment Career development Recognition in decision making 	HR Information System Open Door Policy Recognition and Awards Grievance Handling Mechanism Emails/Letters/ Memos	On-going On-going Annually When required When required	<ul style="list-style-type: none"> Opportunities to represent the company in Mercantile Sports Tournaments Offering non-monetary rewards Employee-led welfare committee Offering continuous training and development opportunities Medical insurance cover Offering advice and guidance on career development 	<ul style="list-style-type: none"> Managing employee expectations while optimising resource utilisation Maintaining employee engagement and motivation levels in a Work from Home environment Ensuring the reach of technology and IT hardware availability in a timely manner

Engaging with Our Stakeholders

Stakeholder(s)	Key Stakeholder Concerns/Expectations	Method(s) of Engagement	Frequency of Engagement	Company Approach to Satisfy Stakeholder Concerns/Expectations	Challenges Faced by the Company in 2021
Policyholders	<ul style="list-style-type: none"> Mitigation of risks Maximise the performance of funds Easy processing Easy access Service satisfaction Product quality Trustworthiness Benefits of policies compared to other insurers 	<p>Customer Feedback Forms</p> <p>One-On-One Meetings</p> <p>Customer Satisfaction Survey</p> <p>Media Advertisements and Promotions</p> <p>Random Calls to Customers</p> <p>Dedicated Customer Complaints Management Unit</p> <p>Social Media</p> <p>Press Releases</p>	<p>Annually</p> <p>When required</p> <p>Semi-annually</p> <p>When required</p> <p>On-going</p> <p>When required</p> <p>On-going</p> <p>When required</p>	<ul style="list-style-type: none"> Multi-delivery model strategy Adoption and enhancement of customer relationship management model Offering value-added services Offering new and innovative products Offering digital channels to conduct business Implementation of a complaints management policy 	<ul style="list-style-type: none"> Frequent changes in needs and wants Changing consumer trends A more rapid adoption of digital technology by consumers than expected Changes in the macroeconomic conditions of the country
Investors/ Bankers	<ul style="list-style-type: none"> Organisational Stability Financial Resilience Adoption of Good Governance 	<p>Meetings</p> <p>Letters/Notices</p> <p>Calls/Emails</p> <p>Annual Reports</p> <p>Interim Financial Statements</p>	<p>When required</p> <p>On-going</p> <p>On-going</p> <p>Annually</p> <p>Quarterly</p>	<ul style="list-style-type: none"> Prudent management of financial resources, assets and liabilities Taking necessary steps to face foreign exchange risks Conduct regular meetings to match the assets position with liabilities (ALM) 	<ul style="list-style-type: none"> Changes in interest rates Increase in inflation rates Fluctuations in foreign currency exchange rates

Stakeholder(s)	Key Stakeholder Concerns/Expectations	Method(s) of Engagement	Frequency of Engagement	Company Approach to Satisfy Stakeholder Concerns/Expectations	Challenges Faced by the Company in 2021
Regulatory Bodies	<ul style="list-style-type: none"> Adherence to Rules and Regulations Contribution to Government Revenue Streams Fair Business Conduct Governance Practices 	<p>Letters/Notices Calls/Emails One-On-One Meetings Press Releases Annual Reports Interim Financial Statements Other Submissions</p>	<p>When required When required When required When required Annually Quarterly Weekly/ Monthly/ Quarterly/</p>	<ul style="list-style-type: none"> Diligently follow the requirements as set out by insurance and stock exchange regulators Fulfilling requirements as set out by the different governing bodies Making timely statutory payments Maintaining best governance practices Obey the law of the country 	<ul style="list-style-type: none"> The implementation of the continually improving Know Your Customer/Client Due Diligence rules The implementation of the new Accounting Standard IFRS 17 requiring a large investment in IT infrastructure.
Reinsurers	<ul style="list-style-type: none"> Future Business Opportunities Growth Potential 	<p>One-On-One Meetings Letters/Notices Calls/Emails</p>	<p>When required When required When required</p>	<ul style="list-style-type: none"> Providing information in a timely manner Make payment in a timely manner Appropriate communication and timely information sharing 	<ul style="list-style-type: none"> Introduction of new policies and business channels to support policyholders requiring new reinsurance agreements
Suppliers	<ul style="list-style-type: none"> Timely Settlements Compliance with Agreed Terms and Conditions Fair and Ethical Business Dealings Growth Potential Future Business Opportunities 	<p>Supplier Meetings Emails/Letters One-On-One Meetings Bids Formal Agreements On-Site Visits</p>	<p>When required When required When required When required When required When required</p>	<ul style="list-style-type: none"> Adhering to the policies and strategies of the procurement process Periodic reviews of supplier contracts to meet current market conditions Implementing robust internal control systems to ensure fair dealings and on-time payments 	<ul style="list-style-type: none"> Rapid changes in microeconomic conditions Changes in foreign currency exchange rates

Engaging with Our Stakeholders

Stakeholder(s)	Key Stakeholder Concerns/Expectations	Method(s) of Engagement	Frequency of Engagement	Company Approach to Satisfy Stakeholder Concerns/Expectations	Challenges Faced by the Company in 2021
Community/ Society	<ul style="list-style-type: none"> Job Opportunities Corporate Social Responsibility (CSR) Projects Contribution to Uplift the Society Safeguarding the Health of Society Ethical Business Conduct 	<p>Social media Website Press releases Townhall meetings Surveys Market Research Annual Report</p>	<p>On-going On-going When required When required Quarterly Semi-annually Annually</p>	<ul style="list-style-type: none"> Sponsoring community projects Participating in community activities Assisting in the upliftment of underprivileged groups within the society Employment opportunities New product development Strictly adhering to ethical business conduct 	<ul style="list-style-type: none"> The COVID-19 pandemic caused a slowdown in business activities resulting in curbing of expenditure of community and CSR projects
Ecosystem	<ul style="list-style-type: none"> Adoption of Sustainable Business Practices Reducing Carbon Footprint Environmental Conservation 	<p>Integrating core concepts of sustainably within the business Considering impacts to the environment when formulating business strategies</p>	<p>On-going On-going</p>	<ul style="list-style-type: none"> Making business processes environment friendly Investing in environmental conservation projects Adopting systems to conserve natural resources (water, electricity, fossil fuel) Adopting the 3R concept of waste management 	<ul style="list-style-type: none"> Balancing the goals of profitability and business growth with controlling the use of natural resources

Materiality Analysis

While doing business, the Company interacts and communicates with stakeholders and gains access to a surfeit of information on stakeholders' concerns and expectations. Often, expectations and concerns of different stakeholder groups can overlap, different stakeholder groups may raise conflicting issues and/or expectations and at times there can also be a conflict of interest between the Company's sustainable business goals and the Company's goal to satisfy stakeholder needs. Furthermore, as Janashakthi Life does not have unlimited resources, undertaking a materiality analysis helps the Company to optimally manage our limited financial and non-financial resources for the best possible outcomes to be achieved while fulfilling corporate goals and creating value for our stakeholders.

By performing a materiality analysis, Janashakthi Life is able to systematically evaluate the different topics raised by stakeholders and those identified through assessing developments in the external environment. The identified topics are then prioritised by the Company based on the importance to the stakeholder and the impact to the

Company. The end results provide guidance on prioritising each of the topics, the level of attention required by the Company to the concern or expectation and the resources that must be allocated.

Materiality Analysis Process of Janashakthi Life

1. Data/Information Gathering
 - a. Stakeholder Engagement Process
 - b. Evaluation of External Environment
2. Evaluation
3. Prioritisation (Materiality Matrix Creation)
 - a. Importance to Stakeholder
 - b. Impact on the Company
4. Choosing the Focus Topics for the Year
 - a. Directs Strategy and Goal Development
 - b. Enables Optimal Allocation of Resources

MATERIALITY MATRIX

The materiality matrix gives an overview of the prioritisation of material topics based on the stakeholder and Company perspectives.

Key Concerns/ Expectations	Impact on the Company			Importance to the Stakeholder		
	High	Medium	Low	High	Medium	Low
SWM Shareholders' wealth maximisation	√			√		
HRI Higher return on investment	√			√		
RM Risk management	√			√		
TA Transparency of affairs	√			√		
RE Competitive remuneration package for employees	√			√		
JS Job satisfaction and Job Security	√			√		
EW Employee welfare	√			√		
T&D Training and development for employees	√			√		
R&R Employee recognition in decision making		√			√	
MPP Maximize the performance of policyholders' funds	√			√		
EPA Easy Processing and access	√			√		
SP Service satisfaction - Product quality	√			√		
TW Trustworthiness	√			√		
CLM Benefits of policies compared to other insurers	√			√		
GG Adherence to rules and regulations	√			√		
TAX Contribution to government revenue - tax	√				√	
CG Governance practices	√			√		
TS Timely settlements to suppliers	√				√	
COM Compliance to agreed terms and conditions	√				√	
JOB Job opportunities for community	√			√		

Materiality Analysis

Key Concerns/ Expectations	Impact on the Company			Importance to the Stakeholder		
	High	Medium	Low	High	Medium	Low
CSR Corporate social responsibility projects - CSR	√				√	
WFD Equal opportunity for workforce	√				√	
CS Contribution to uplift the society	√				√	
SBP Sustainable business practice	√			√		
ENV Reduce carbon footprint	√			√		
PLA Projects to protect the environment	√			√		
INC SL Incidents occurred outside Sri Lanka			√			√
DNRR Development in new rules and regulation		√			√	



For 2021, the Company identified the four topics listed below as critical for our sustained growth and creation of capital values. As such, the focus for the year remained on creating value for our stakeholders through these identified material topics.

- Business growth and expansion
- Shareholder returns
- Employee satisfaction through adequate remuneration and job security
- Satisfaction of policyholders

In addition, the Company also identified the following three topics as important for maintaining stakeholders' satisfaction and goodwill in the longer term.

- Supplier satisfaction
- Timely payment of interest and service costs to investors/bankers
- Satisfy regulatory bodies by complying and adhering to regulatory requirements

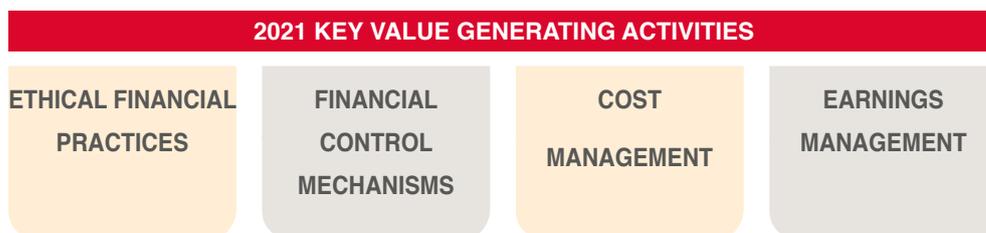
A Purpose led Insurer

	72	Financial Capital		79	Manufactured Capital	
82	Human Capital		90	Social and Relationship Capital	97	Intellectual Capital
	102	Natural Capital		104	Report of the Board Audit Committee (BAC)	
	109	Report of the Human Resource and Remuneration Committee		111	Report of the Board Nomination Committee	
	112	Report of the Related Party Transaction Review Committee		114	Board of Director's Statement on Internal Controls	

Financial Capital

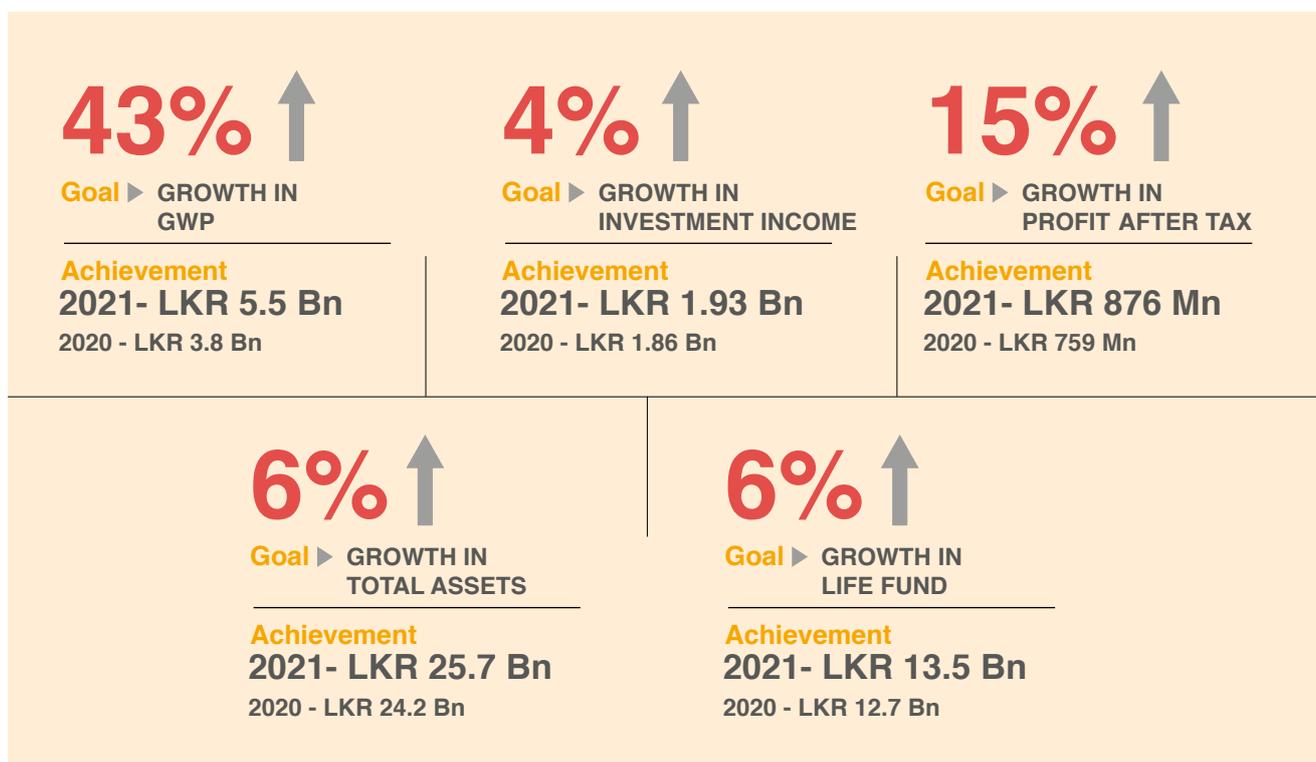


Our financial resources are integral to our business operations as they create value across the organisation while supporting the wider corporate objectives of creating and adding value across all our stakeholder groups



Janashakthi Life creates financial capital value by following ethical and transparent financial management practices, adhering to the financial rules and regulations applicable to our industry and the nation, putting in place appropriate financial control systems and embracing best practices in financial management.

The success of our financial planning and performance is showcased in how we satisfy the various needs and wants of our diverse internal and external stakeholder groups. Over the years, the Company has steadfastly compensated our employees and fulfilled the claims of our policyholders while generating attractive shareholder returns, proving our success in creating sustainable value for financial capital.



MANAGEMENT APPROACH

The Company's basis for creating financial capital value revolves around developing and implementing a comprehensive financial management strategy aimed at maximising efficiency in cash flows and minimising market risk by pro-active asset and liability management (ALM) strategies. The process of financial planning, raising funds, allocation of funds, cash flow and working capital management is governed by ALM principles. The Asset and Liability Committee (ALCo) continues to study the macroeconomic environment and position the business to take advantage of the changes in the overall economic environment. Implementing sound financial control mechanisms is also integral as it supports our financial value creation processes by enabling the handling of expenses and debts without any risk to the business's core operations, while increasing stakeholder confidence in the Company's ability to remain a viable going-concern business.

Our focus on conducting ethical and transparent financial transactions is a critical part of the overall value creation process as it guarantees effective capital management and increases stakeholder confidence in the Company's ability to remain a viable going-concern business.

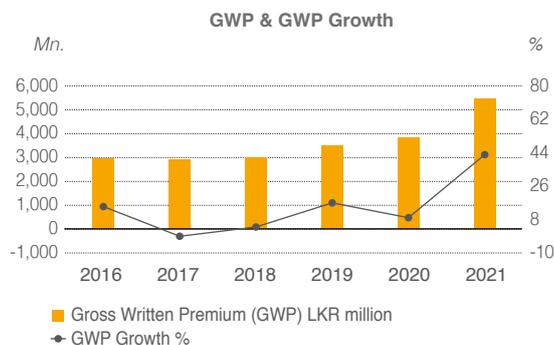
2021 FINANCIAL PERFORMANCE OVERVIEW

The Company clearly outperformed the industry with a 43% growth in our top line and increasing our market share during the year under review, despite the unexpected external market and operating environment challenges that prevailed from the backlash of the COVID-19 pandemic outbreak. The bottom line too grew at a healthy rate of 15% YoY. This clearly indicates the prudent management of expenses.

This analysis gives an overview of the Company's efforts to manage the emerging challenges by deploying focused strategies to meet our financial capital value creation goals.

GROSS WRITTEN PREMIUM (GWP)

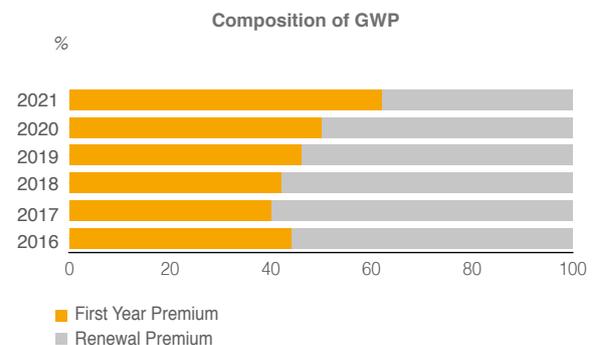
The Company's Gross Written Premium (GWP), which is the total premium paid by our policyholders, grew by



43% to reach LKR 5.5 billion during the year, despite the prevailing negative operating environment impacted by the COVID-19 pandemic. The Company's total GWP comprises the First Year Premium (FYP) and the Renewal Premium (RP). More importantly, the Company has shifted its focus from investment products (unicursal life products) to traditional insurance products (traditional non-participating products). The low-interest rate environment during most of the year, allowed us to make this shift to cover more life risk-based products, thereby enabling the increase of the RP income in the coming years relatively at a lower cost.

The FYP grew by 77%, an increase of LKR 1.5 billion for the year compared to 2020, recording LKR 3.4 billion for the year ended 2021. This was a result of the increase in new business premiums mainly from Life Investments, New Jeevan Vandana and Jeevitha Vardana products showcasing a positive outlook for the Company in the coming years.

The Company's RP also grew, albeit at a modest rate of 9%, a commendable achievement in a highly competitive and challenging operating environment.



Financial Capital

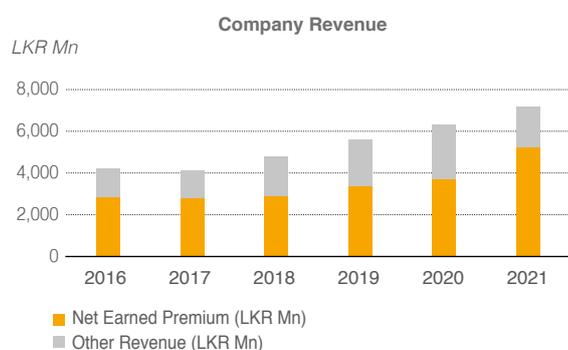
PREMIUM CEDED TO REINSURERS

The premium ceded to reinsurers is the premium paid to reinsurers to transfer a part of the insurance risk undertaken by Janashakthi Life to respected third-party insurers. The Company continues to evaluate the re-insurance process against the risk that the re-insurers cover. During the latter part of the year, the Company was able to further optimise re-insurance outgo by increasing the retention of individual new business. As a result, the Company's ceded outgo will reduce, easing the pressure on foreign currency payments in 2022. In 2021, the Company ceded LKR 212 million to re-insurers, amounting to 4% of the GWP.

REVENUE-NET INCOME

The Company's revenue consists of net earned premium and other revenue earned from investments, fees and commissions, net realised gains and other operating revenue. In 2021, the net earned premium recorded a 42% growth compared to 2020, amounting to LKR 5.2 billion compared to LKR 3.7 billion in the previous year.

Other revenue recorded a 26% decrease during the year under review, mainly due to fair value losses of LKR 489 million compared to the fair value gain of LKR 215 million recorded in 2020. The loss would have been substantial if not for the efficient risk management strategies adopted by the Assets and Liability Committee (ALCo) to manage the interest rates increases of more than 4% throughout 2021 which was the primary cause of the fair value loss.

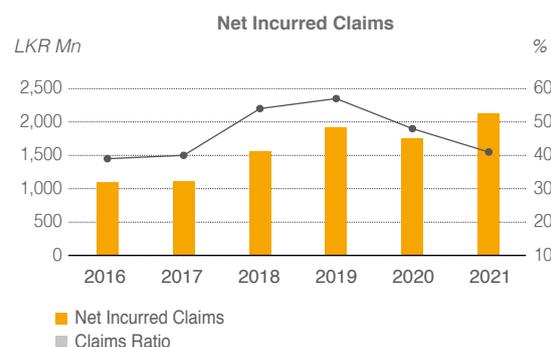


INSURANCE CLAIMS AND BENEFITS

The Company believes that the most important customer success factor is the speedy claim settlement and the fair payment of claims while eliminating bogus claims through the implementation of a robust claim process. Keeping the impact of pandemic at the forefront, the Company's rapid expansion of business volumes allow service more than 32,000 policyholders during the year ended December 2021.

Resultantly, the net insurance claims and benefits increased by 21% to LKR 2.1 billion for the year 2021 compared to LKR 1.8 billion in 2020. This amounts to

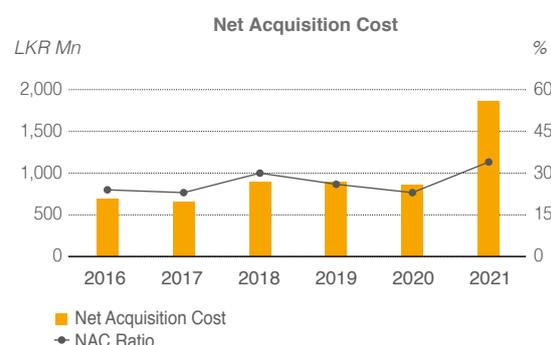
41% of the net written premium in 2021 in comparison to the 48% recorded in 2020. The main contributors to the Company's value addition through claims paid are death claims, critical illness claims, medical claims and the maturity of policies. Compared to 2020, the death claims increased by 99%, critical illness claims grew by 41%, medical claims increased by 32% and policy maturity claims grew by 19%.



UNDERWRITING AND NET ACQUISITION COST

The Company's acquisition costs consist of commissions and other variable costs directly connected with acquiring new business and renewal of insurance policies. The Company's net acquisition cost amounted to LKR 1.9 billion during the period under review against LKR 861 million recorded in the previous financial year. This growth of 117% reflects the growth in business volumes during 2021 proving the success of the Company's strategies and the loyalty of our customers and employees amidst prevailing challenges in the operating environment.

The ratio of the net acquisitions cost to GWP increased to 34% in 2021 compared to the 23% recorded in 2020. Underwriting and net acquisition cost accounted for 55% of new business premiums in 2021 compared to 45% in 2020.

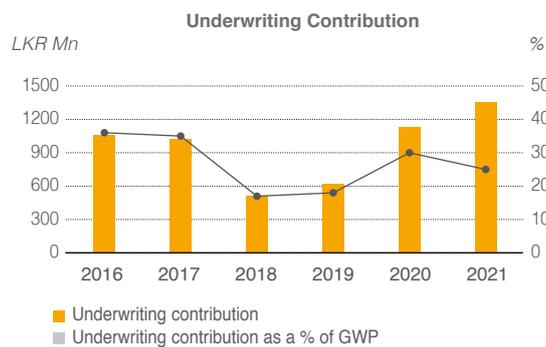


UNDERWRITING RESULTS

The Company's underwriting results are derived from the difference between the premiums earned less the expenses directly attributable to acquisition and underwriting expenses and total claims. A positive

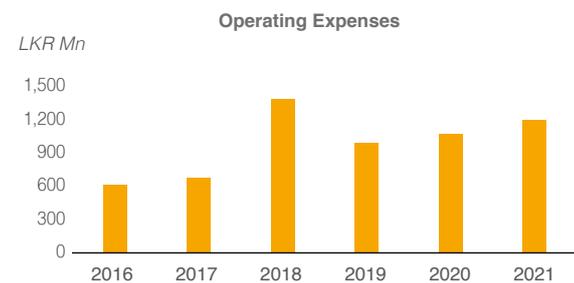
underwriting income is a key factor in the Company's improved financial performance and is used to evaluate the profitability of underwriting operations.

In 2021, the Company's underwriting contribution recorded a 20% growth compared to the previous year and amounted to LKR 1.4 billion in 2021 compared to LKR 1.1 billion earned in 2020, which provided greater support to manage positive operating results without depending on investment income of the business. This increase is mainly due to the increase in net earned premium which amounted to LKR 5.2 billion in 2021.



OTHER OPERATING AND ADMINISTRATIVE EXPENSES

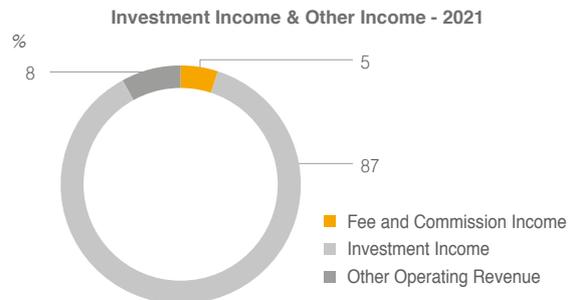
Other operating, investment-related and administration expenses mainly include staff costs and administration, selling and marketing expenses. The Company's other operating and administrative expenses increased by 12% to reach LKR 1.2 billion in 2021 compared to LKR 1.07 billion in 2020. Although due to the rapid business expansion realised in 2021, this cost increase only accounts for 22% of the GWP compared to 28% in 2020. The increase is attributed to the increase in staff cost, legal expenses and communication and marketing expenses incurred during 2021.



OTHER REVENUE

Other revenue consists of five main income sources related to the investment activities of the Company. These are interest income, net realised gains (capital gains), fee and commission income, other income and fair value gains (unrealised fair value gains and losses).

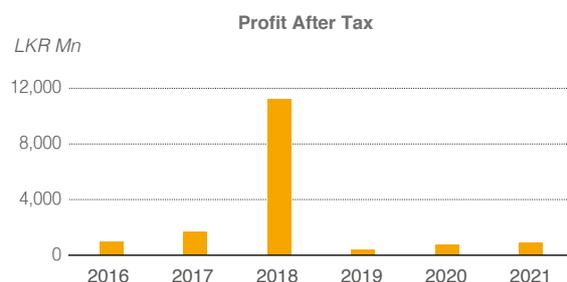
During the year under review, the total other revenue decreased by 26%, recording LKR 2 billion compared to the LKR 2.6 billion earned in 2020. The reduction is mainly due to a fall in the value of investments as a result of increasing market rates amounting to LKR 489 million compared to LKR 215 million gained in 2020.



PROFIT AFTER TAX - COMPANY

The Company recorded a 15% growth in profit after tax to reach LKR 876 million compared to LKR 759 million recorded in the previous financial year. This is mainly due to sales growth by 43% compared to the year 2020 and controlled low growth in overhead expenses by 12% compared to 2020. Furthermore, the efficient risk management strategies adopted by the Assets and Liability Committee (ALCo) in a volatile interest rate environment proved beneficial for the Company's profitability situation in the year under review.

This increase showcases the hard work of our employees and the focused approach adopted by the management to sustain business growth despite the pandemic situation that prevailed during the year with stringent cost optimising strategies and prudent ALM strategies. This is a noteworthy achievement for Janashakthi Life as we surpassed our budgeted target of LKR 674 million for 2021.



Financial Capital

CAPITAL STRUCTURE, ASSETS AND LIABILITIES

The Company managed to surpass LKR 25 billion mark and recorded LKR 26 billion in total assets as of 31st December 2021, a 6% growth compared to 2020. This growth was mainly due to the increase in financial investments which grew by 11% compared to the previous year. The Company's financial investments amount to more than 84% of the total asset base.

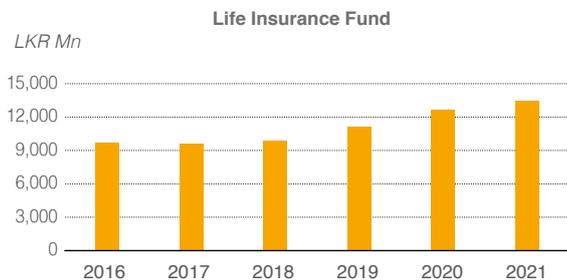
The Company's capital and revenue reserves increased by LKR 478 million after paying a healthy dividend of LKR 2.00 per share to shareholders. The capital and revenue reserves reached LKR 10.5 billion by 31st December 2021.



LIFE INSURANCE FUND

The Company's insurance contract liabilities (referred to as Life Fund) is the fund maintained by the Company for the long-term insurance business in accordance with the Insurance Industry Act, No. 43 of 2000, as amended. The size of the life fund indicates the financial strength and stability of a life insurer. The larger the life fund, the stronger the insurance company.

The Company's life insurance fund as of 31st December 2021 was LKR 13.5 billion, reflecting a growth of 6%, compared to LKR 12.7 billion at the end of the previous financial year.

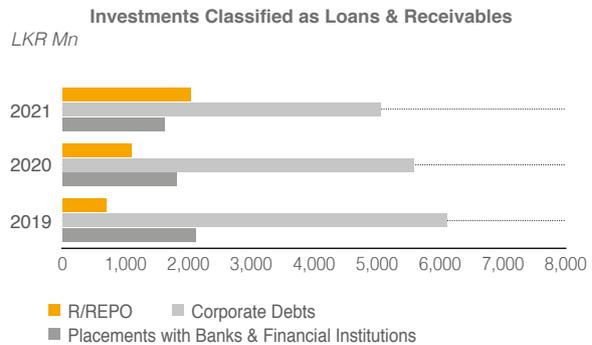


FINANCIAL INVESTMENTS

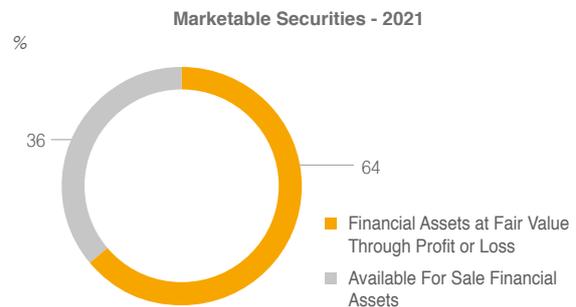
The financial investments of the Company account for 84% of the total asset base and grew by 11% in 2021 to reach LKR 21.5 billion. Financial investments consist of loans and receivables and marketable securities.

The loans and receivables increased to LKR 8.7 billion

and amounted to 40% of the total financial investments. Corporate debts, placements with banks and financial institutions and reverse repurchase agreements are the main components of the total loans and receivables of the Company.

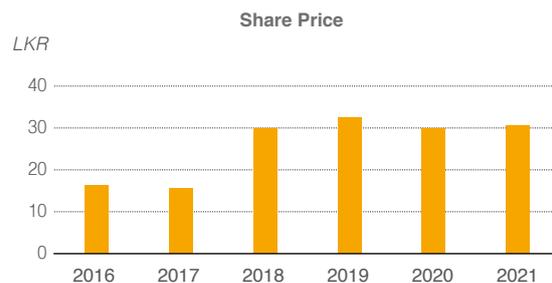


The marketable securities include the investments available for sale which amounted to LKR 4.6 billion in 2021 and accounted for 36% of the total marketable securities portfolio. The other component is the fair value through profit or loss which amounted to LKR 8 billion in 2021 and accounted for 64% of the total marketable securities portfolio.



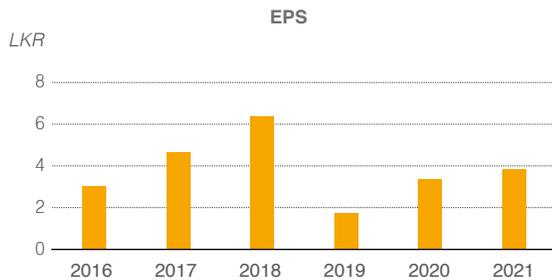
SHARE PRICE OF THE COMPANY

With a 2% price increase, the Company's share reached LKR 30.70 as of 31st December 2021. The market capitalisation was LKR 6.95 billion as of 31st December 2021 compared to LKR 6.79 billion reported at end of 2020. This increase is attributed to the confidence in the Company in the marketplace and the trust placed in us by investors.



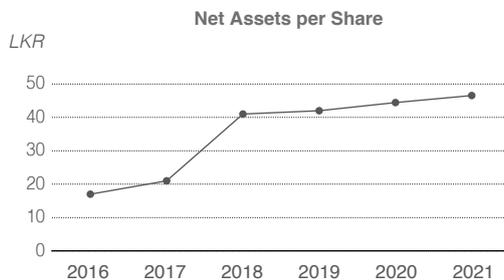
EARNINGS PER SHARE

Despite the prevailing health and economic conditions, the Company achieved a 15% growth in Earnings Per Share (EPS) in 2021 to record LKR 3.87 as of 31st December 2021 compared to that of LKR 3.35 achieved in 2020. This increase in EPS is mainly attributed to the effective measures deployed by the Company to manage the negative impacts of the COVID-19 pandemic.



NET ASSETS PER SHARE

The net asset value per share is an expression of net asset value that indicates the value per share for a company. This measure is used to assess a company's profitability. The net asset per share of Janashakthi Life increased by 5% in 2021 to LKR 46.55 compared to LKR 44.44 recorded in 2020. This growth is due to the growth in Company's profits in 2021.



RETURN ON EQUITY

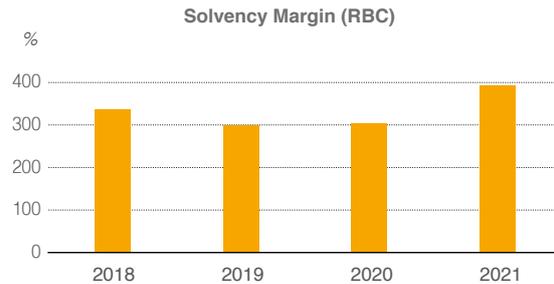
The Company recorded a 8.3% return on equity (ROE) during the year under review compared to 7.5% recorded in the year 2020. This shows the effectiveness of the measures implemented by the Company to effectively manage assets to create wealth for our shareholders.

STATUTORY SOLVENCY MARGIN REQUIREMENTS

The Insurance Regulatory Commission of Sri Lanka (IRCSF) introduced the Solvency Margin (Risk-Based Capital) Rules with effect from 1st January 2016. The Risk-Based Capital (RBC) regime measures the adequacy of the Total Available Capital as against the Risk Capital Required which indicates the capability of insurers to absorb risk in relation to its capital position.

Under the RBC Rules, insurers are required to maintain a minimum Total Available Capital (TAC) of LKR 500 million and Capital Adequacy Ratio (CAR) of 120% in order to comply with capital adequacy requirements.

At all times, the Company efficiently satisfied the minimum capital requirement. As of the reporting date, the Company's capital adequacy ratio was 387%.



FUTURE DIRECTION

Considering the new normal for business operations due to the COVID-19 pandemic, the Company effectively operated the business by the partial adoption of the Work From Home concept during the year under review. For Janashakthi Life, this new normal concept has resulted in enhanced productivity, reduced turnover and lower organisational costs, while employees enjoy the flexibility and minimisation of commuting to work.

The focus for 2022 will mainly revolve around the continuity in expanding our product portfolio to serve the evolving needs of customers while expanding the distribution channels to obtain a wider reach and thereby grow our financial capital value in the long term.

We will also continue to invest in creating value for our employees, customers, business partners and shareholders by managing our financial resources optimally to create future financial capital value via our Assets and Liabilities Committee (ALCo). The strategic focus of the ALCo provides a roadmap to create a highly efficient asset and liability management (ALM) process to guide effective strategy development to mitigate risks and ultimately produce greater income with higher ROA and ROE.

As we go forward in 2022, we will develop strategies to enable increase in income levels and resultantly the returns to our shareholders. These endeavours are also expected to support the Company's contribution towards increasing the standing of the life insurance industry to have a positive impact on the demand for life insurance products in the country.

Financial Capital

Digitalisation is rapidly transforming the insurance industry in Sri Lanka and we will be more focused on digitalisation to support our efforts to enhance customer convenience, achieve operational excellence and improve distribution capabilities. This is further supported through our “Mobile App” and the sustained growth momentum through distribution channel expansion and market penetration strategy.

The sustainability of our strategy has been proven in terms of business results with a clear track record in 2021. Our future strategies have also been set in a sustainable manner with more focus on pure insurance or endowment products and developing win-win partnerships with our Banking and Financial Institutional partners (BFI) resulting in financial capital value creation to support future business growth.

Manufactured Capital



Manufactured capital supports the growth of the Company's business operations and provides the necessary assets and technological hardware to create value for other capitals and our stakeholders

2021 KEY VALUE GENERATING ACTIVITIES

TECHNOLOGY AND DIGITALISATION IMPLEMENTATIONS

KNOWLEDGE SHARING AND SKILLS DEVELOPMENT

MARKETING TO ENHANCE CORPORATE AND BRAND VALUE

STREAMLINING PROCESSES AND SYSTEMS

The primary manufactured capital assets of Janashakthi Life are the Head Office building in Colombo including the dedicated training space and the 75 properties in towns and cities across the country that represent our branches. Furniture and fittings used in these premises also constitute a part of our manufactured capital assets. Finally, information technology (IT) hardware comprising servers, laptops, desktops, telephones, printers and photocopy machines as well as other electronic equipment used as part of our daily business activities are also considered an element of the Company's manufactured capital. Purchase of software for meeting digitalisation goals and to increase our technological footprint also fall under this capital.

Janashakthi Life's investments in manufactured capital assets are intended to provide the necessary equipment and tools to carry out our business operations effectively while enabling the Company to fulfil our goals and the needs of our stakeholders while creating value across capitals and for stakeholder groups.

75

BRANCHES SERVING IN ALL PROVINCES OF THE COUNTRY

4

RENOVATED BRANCHES

Goal ▶ BRANCH EXPANSION AND ENHANCEMENT

- Refurbished our branches in four developing towns to meet increasing customer needs
- Relocated four branches

Rs. 39 Mn.

INVESTED IN ASSETS

Goal ▶ IT AS A SOURCE OF INCREASED EFFICACY

- Provided 78 laptops to facilitate 'Work From Home' requirements due to the pandemic

Rs. 11.5 Mn.

INVESTED IN IT SOFTWARE

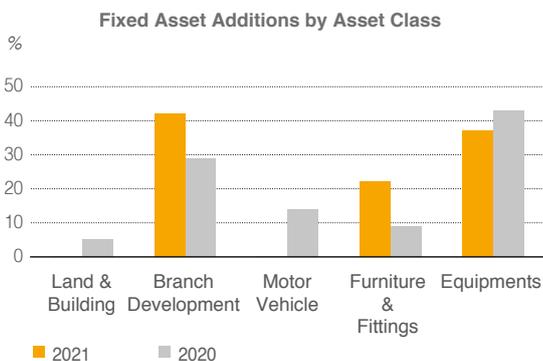
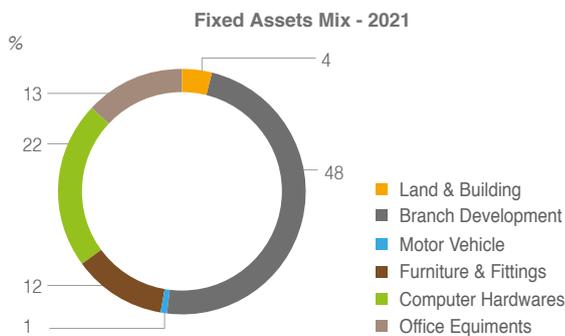
Goal ▶ INVEST IN DIGITAL TOOLS TO SUPPORT THE VALUE CREATION PROCESS

- Launched the Janashakthi Life mobile app software
- Implemented the customer and sales agent onboarding portal software
- Upgraded the call centre software
- Purchased new software for our customer app to automate the new business and claims process
- Improved our online learning portal

Manufactured Capital

MANAGEMENT APPROACH

Manufactured capital is important to business operations as it provides the basic infrastructure which enables the continuation of uninterrupted business operations. Manufactured assets enable the Company to carry out our business activities efficiently and effectively and stride towards fulfilling stakeholder expectations and meeting our strategic business goals. Using manufactured capital assets, the Company can serve our customers better and offer employees adequate facilities to do their jobs and improve their work performance. Investments in manufactured assets also support value creation in terms of employee skills and professional growth, customer satisfaction by meeting their changing needs and the ability to successfully achieve long term organisational aspirations, while remaining competitive in the marketplace and maintaining our position as a leading insurance service provider in Sri Lanka.



Janashakthi Life's investments in manufactured capital also have an indirect impact in supporting the development of the country's insurance industry infrastructure as we strive to improve the services provided in the marketplace. [GRI 203-1 and 203-2]

INVESTING IN DEVELOPING BRANCHES

Despite the prevailing pandemic environment, the Company chose four strategic branch locations for refurbishments to cater to an increasing and more sophisticated customer base. Accordingly, we renovated our Maharagama, Avissawella, Panadura and Batticaloa branches during the year. Thus, the Company made Rs. 8.7 Mn worth of investment in furniture and fittings and for the purchase of other materials and equipment required to upgrade these branches.



INVESTING IN TECHNOLOGY AND OTHER EQUIPMENT

Technology continued to play a crucial role in Janashakthi Life's business operations in 2021. The increasing focus on remote working and remote customer access resulted in the Company making strategic investments to offer uninterrupted services to our customers and ensure employees received training and access to perform their job tasks efficiently throughout the year.

Primary investments in IT were incurred in providing hardware and tools to facilitate Work from Home for our employees. We also invested in upgrading outdated systems and hardware. Furthermore, investments were made in customer support systems and for digitalising critical elements of our product/service delivery process.

SOFTWARE INVESTMENTS FOR SUSTAINED OPERATIONS

An important aspect of IT and digitalisation is the use of appropriate and state-of-the-art software to manage emerging business opportunities and manage evolving business operations. During the year under review, the Company invested in a range of softwares to operate our online platforms, launch the Janashakthi Life Mobile App, augment our call centre operations, automated processes and systems for security, privacy and data protection. These investments while adding value to manufactured capital also supported value creation to our customers and employees, while creating value for intellectual, social and relationship capitals.

FUTURE DIRECTION

The Company foresees growing investments in manufactured capital in the coming years. Much of these inputs are expected to arise due to the escalating focus on digitalisation requiring strategic investments in IT hardware and software. Furthermore, as the country emerges from the effects of the pandemic, we foresee revitalising our branch expansion strategy which was curtailed in 2021 and moving ahead with our goal to bring insurance services to less developed cities and rural towns to bridge prevailing inconsistencies in bringing insurance solutions to consumers. As the Janashakthi brand becomes more popular in the marketplace with increasing consumer awareness, we will also need to increase the rate of branch refurbishments to serve more discerning customers, while analysing the need to relocate branches for enhanced customer convenience and access.

In the year 2022, Janashakthi Life plans to implement an internationally recognised accounting system to help streamline the day-to-day bookkeeping activities and improve efficiencies in the financial recording processes, thereby freeing up valuable manpower for more complex and value-adding activities. This accounting software will also enable the Company to easily meet the compliance requirements as set out in IFRS 17.

Human Capital



Our employees are integral to our business operations, providing the foundation for value creation across our business activities and stakeholder groups, creating a culture where individualism is accepted, collaborations are expected and leading with a purpose is the norm



2021 KEY VALUE GENERATING ACTIVITIES

LEARNING AND DEVELOPMENT

EQUAL OPPORTUNITY

REVITALISED CORPORATE VALUES

EMPLOYEE SATISFACTION

The Company's human capital value is created by a workplace culture that extols the virtues of human rights and the right of every employee to balance their personal and professional lives while striving to shine bright in the workplace. We endorse a workplace that is ethical and transparent and aligned to the country's labour laws and regulations. We also are firm believers in a child's right to an education and do not tolerate child labour in our business operations.

The Company's culture is influenced by the Janashakthi Life corporate values and our employees are expected to live by these values to deliver an ethical high-quality service to our customers. Our values also support our belief in offering equal opportunities to employees by enabling them to thrive in a professional and ethical workplace to achieve

2.7 Mn.

GWP PER STAFF MEMBER

GREAT PLACE TO WORK CERTIFICATION

Goal ► EQUAL EMPLOYMENT OPPORTUNITIES

- Recruited 125 employees from communities in proximity to our branches

Goal ► INCULCATE A PERFORMANCE-DRIVEN SERVICE-ORIENTED CULTURE

- Revamped our core values to enable a more focussed approach to manage critical business success factors and drive the creation of value across stakeholder groups
- Conducted internal promotional campaigns to familiarise employees with "Living Janashakthi Values"

87%

EMPLOYEE RETENTION RATE

Goal ► STRENGTHEN REWARDS AND REMUNERATION SCHEMES

- Improved the sales incentive scheme to reward based on productivity

ETHICAL AND HONEST



Uphold the highest ethical standards and balance the interests of all our stakeholders in a fair and equitable manner

COLLABORATIVE



Always work as one team across all functions to deliver the best possible experience to our stakeholders

RESPECTFUL



Treat others the way you expect to be treated. Respect and value everyone's opinions, time and space

PERFORMANCE DRIVEN



Maintain a consistently high level of quality across all your commitments

TRANSPARENT



Always share relevant information, intentions, rationales and expectations openly and clearly and be ready to give and receive feedback

their career aspirations while being fairly rewarded. When these facets are put in place, the Company's systems and processes seamlessly support employee empowerment and enable employees to achieve job satisfaction. Furthermore, these fundamentals also enable us to create value for employees by offering them a range of skill enhancements, job augmentation and career advancement opportunities to become tomorrow's leaders.

MANAGEMENT APPROACH

As a service-oriented business, the management of human capital is a critical success factor for Janashakthi Life. We believe that our employees are our strength and the lifeblood that keeps Janashakthi Life's spirit alive over time. Accordingly, our commitment to employees is intrinsically linked to our corporate purpose, "Uplifting Lives and Empowering your Dreams". Our commitment to our employees is documented as a policy and forms the basis on which we create employee value. We work towards creating value by considering a range of factors to add value to our employees' professional lives while contributing to business success.

108

MDRT WINNERS 2021

Goal ▶ IN-HOUSE CAREER DEVELOPMENT AND ADVANCEMENT OPPORTUNITIES

- Enhanced the job role and scope of 31 employees
- Promoted 31 employees

Rs. 15 Mn.

INVESTED TO CREATE VALUE FOR EMPLOYEES

Goal ▶ IN-HOUSE CAREER DEVELOPMENT AND ADVANCEMENT OPPORTUNITIES

- Trained 468 employees
- Offered 58 training and skill development opportunities
- 16 Hours of training per employee

43%

LION FORCE PRODUCTIVITY IMPROVED

Goal ▶ FOSTER ENHANCED EMPLOYEE ENGAGEMENT AND WELFARE

- Deployed 7 virtual engagement programmes
- Continue to hold regular team meetings using virtual platforms

Human Capital

Janashakthi Life's Code of Conduct and HR policies ensure employees are aware of their rights and the Company's expectations from them. Our HR policies also ensure that our employees are treated fairly and ethically, their rights as human beings are adhered to and equal opportunity prevails as part of our organisational culture.

The ultimate aim of the human resource management processes is to maintain a highly supportive work environment that thrives on employee success while empowering employees to prosper and grow in their chosen careers while realising their dreams and aspirations.

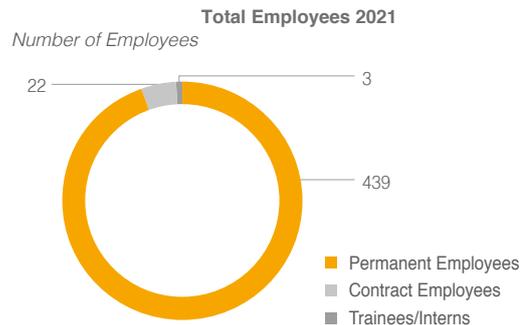
HUMAN RESOURCE POLICIES

- Code of Conduct
- Work From Home (WFH) Policy
- Flexi-Hour Policy
- Staff Loan Policy
- Recruitment Policy
- Attendance and Leave Policy
- Training and Development Policy
- Performance Management Policy
- Policy on Harassment in the Workplace
- Dress Code Policy
- Grievance Handling Policy
- Disciplinary Policy

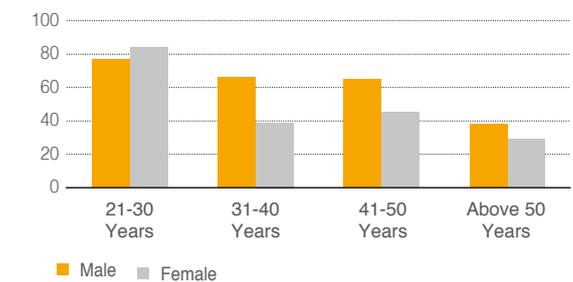
FOSTERING 'EMPLOYER OF CHOICE' BRAND [GRI 401, GRI 407, GRI 409]

A critical aspect for employee attraction and retention is to be recognised as an employer who will support employees' professional goals. As our name suggests, the Company has always worked to establish ourselves as a strength to our people, both internal and external. Considered from an employee perspective, the Company has in place a fair and equitable employee recruitment process and reward mechanism, which is based on employees' skills, education and professional experience. The Company works towards ensuring that our employees join us and become long-standing contributors towards business growth and success. Thus, we have developed rewards and remuneration schemes and other mechanisms to support employees to perform at their best, when carrying out their job responsibilities.

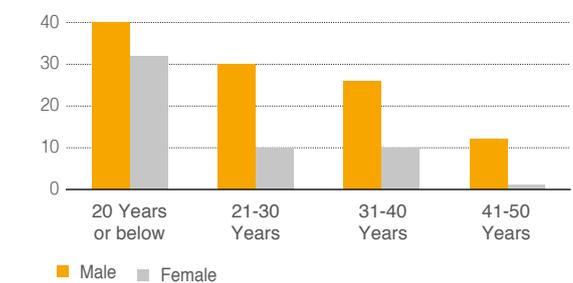
An integral part of being an employer of choice is also adopting the best human resource management practices. Accordingly, we do not endorse forced or compulsory labour and maintain the belief that employees have a right to bargain collectively. During the year under review, there were no incidents of forced or compulsory labour. The Company's employees are not part of a trade union.



Employees by Gender and Age 2021



Recruitment by Gender and Age 2021



RECRUITMENTS [GRI 202-2, GRI 401-1]

Recruitment was considered a key priority area for the Company in the year under review. To facilitate attracting and retaining the best talent and to ensure hiring the right employee for the right job, the Company evaluated our existing recruitment process to identify gaps, weaknesses and areas of improvement. The improvements implemented to the recruitment process will enable us to better fulfil our employment needs in the coming years.

While many of the Company's employees reside in Colombo due to the location of our Head Office, we also employ people from localities in which our branches are situated. All our senior management are Sri Lankans, as most are based at the Head Office. Where possible, we hire branch managers from the local communities in which the branches are located.

EMPLOYEES BY REGION

Province	2021
Central	38
Eastern	40
Northern	42
North Central	14
North Western	24
Sabaragamuwa	24
Southern	36
Uva	36
Western	189

During the year under review, the Company recruited 223 new employees to support business growth plans.

PROMOTIONS

Janashakthi Life takes a competency-based approach to ensure the best available talent is absorbed into the Company and talent is groomed to take on more responsibilities and build a leadership pipeline. Taking this competency-based approach, the focus when promoting employees is on their work ethics, values and competencies to fulfil the job rather than his/her background, thereby supporting our efforts to offer equal employment opportunities and be a non-discriminatory employer.

During the year under review, 24 employees were promoted based on their performance to support the Company's business growth in the coming years.

A DEDICATED SALES TEAM

The Company's efforts to cohesively utilise our sales team and bring them the highest level of benefits resulted in Janashakthi Life branding our sales team as the "Lion Force". The idea was to keep motivation levels high and improve the overall productivity of our people to bring in higher returns for both the Company and our stakeholders. As part of our efforts to ensure engagement of our strong Lion Force, we launched monthly motivational campaigns and competitions. We also implemented a set of KPIs and the "Lion Activity Monitor Tool", to track and monitor the number of ground-level activities carried out during a year. This focus helped the Company to reduce non-productive activities and enrich and align the sales incentive scheme with individuals' productivity levels, thereby increasing the overall productivity levels of the sales team.

MDRT WINNERS OVER THE YEARS

2021 : **108** ↑

2020 : 27



Janashakthi Life MDRT Winners Club

The MDRT (Million Dollar Round Table), as per the United States membership criteria, is a premier form of international recognition bestowed upon insurance advisors around the world. The Company focused on producing 100 MDRT winners in 2021, an objective that was achieved. This achievement is a testament to the Lion Force's strong professional reputation and the high level of work ethic and commitment towards excellence. It also reinforces the Company's global standards in its products and service approach.



Q1 12 programs



Q2 18 programs



Q3 21 programs



Q4 22 programs

Learning and development is a commitment the Company has made to our employees. We have over the years created an environment that encourages learning and continues to offer employees various opportunities to enhance their skills and knowledge. Janashakthi Life's success in creating a learning organisational culture has supported the business to take on new challenges and thrive within difficult operating environments as our employees are always willing to be innovative and learn on the job.

The Company's learning and development programs support internal promotions and succession planning, while creating synergistic intellectual capital value at Janashakthi Life. Our HR team is responsible for collating employees' training needs and putting in place a training plan at the beginning of the financial year. Relevant programmes are identified and a training calendar is shared with the Management, and the employees are being trained, so that learning continues without disruption to business activities.

Human Capital

While the year was challenging, the Company ensured that employees received training opportunities by utilising virtual training platforms and classroom training as relevant. The key objectives of the Company's training and development programs were to enhance and strengthen the leadership and management capabilities and improve core competencies and skills across all employee cadres.

The Company invested Rs. 15 million in learning and development initiatives during the year under review.

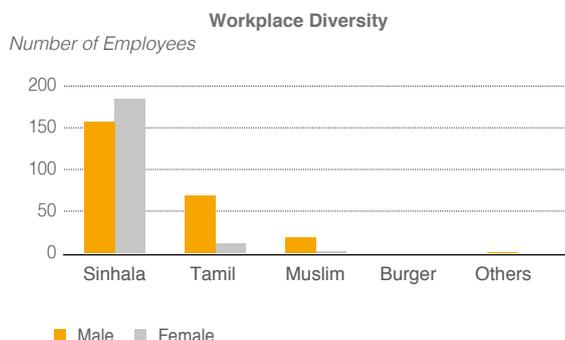
Overview of Key Learning and Development Milestones

	2021		
	No. of Programs	Training Hours	No. of Participants
Classroom Training	15	1,856	228
Virtual Training	45	4,400	443
External Training	13	920	130
Total	73	7,176	801

WORKPLACE DIVERSITY [GRI 405]

The Company celebrates workplace diversity and respects everyone for who they are. Different individuals carry different upbringings, beliefs, interests, aspirations and personalities. We believe that diversity in our workforce brings about a source of knowledge and strength that helps us craft the best insurance solutions for our customers. As a pioneering life insurance brand, Janashakthi Life is committed to serving every employee to have a better future.

Diversity is also ingrained in our corporate purpose and keeping true to our values as a forward-thinking employer, Janashakthi Life provides a unique platform for anyone determined to be the best version of themselves while being a part of a worthy cause of making people's lives better.



A highlight for the year was the launch of the Janashakthi Life Online Learning Management System - iLearn in 2021. All employees received training using this platform in 2021.

EQUAL OPPORTUNITY EMPLOYER [GRI 406]

Janashakthi Life is committed to the principle of equal employment opportunities. Accordingly, the Company offers equal opportunities in employment to all employees and applicants. Recruitment, promotions and reward decisions are based purely on merit without any regard to race, religion, culture, gender or background. We embrace diversity and equality by promoting inclusion and equal opportunity for all. Thus, everyone who comes under the Janashakthi Life's umbrella is assured of being treated equally with respect and dignity, due to every human being. Our policies secure a working environment free from sexual harassment too. There have also been instances when the Company has offered employment opportunities for differently able people from the community.

SATISFIED EMPLOYEES ARE HAPPY EMPLOYEES

Staying true to our corporate purpose of "Uplifting lives and empowering dreams", Janashakthi Life assumes responsibility for the satisfaction of our employees. Employees are given ample opportunity to engage and interact with the management and supervisors and we thrive on an open-door policy. Using departmental and skip-level meetings we share information and Company developments while providing a forum where employees are free to share their views.

"We do not discriminate because of race, colour, marital status, parental status, ancestry, source of income, religion, sex, age, national origin, sexual orientation, veteran status or disability or history of disability (except where they are a bona fide occupational requirement and the individual is not able to perform the essential functions of the position even with reasonable accommodations)."

VALUE CREATION INITIATIVES TO IMPROVE HUMAN CAPITAL

DEPARTMENTAL
LEVEL
GATHERINGS

LINE MANAGER
MEETINGS AND
DISCUSSIONS

SKIP LEVEL
MEETINGS

EVENING WITH
CEO SESSIONS
FOR DIFFERENT
DEPARTMENTS

The Company's employee engagement drive takes a holistic approach so that specific requirements of different teams and units are well covered thereby ensuring employees can maintain positive relationships with managers and colleagues. The Company continued to focus on engaging employees in the new normal work environment and most engagement events took place on virtual platforms to ensure the safety and health of employees.

The success of the Company's efforts is realised in the positive feedback received from our annual employee survey.

A noteworthy achievement for Janashakthi Life in the year under review was being certified as a great workplace following independent analysis by "Great Place to Work®", Sri Lanka. This recognition reiterated our commitment towards fostering a positive value-driven culture while empowering our employees.

REWARDS AND RECOGNITION

Rewards and recognitions are important aspects for keeping employee motivational levels high and for maintaining a happy and satisfied workforce. The Company has in place several initiatives to motivate and engage employees and keep employee morale at high levels. Due to the prevailing pandemic situation, all engagement activities were done virtually.

VALUE CREATION INITIATIVES TO IMPROVE HUMAN CAPITAL

TEAM BUILDING
SESSIONS

QUIZ
COMPETITIONS

AVURUDU
COMPETITIONS

TREASURE HUNT
ACTIVITIES

CHRISTMAS
CAROLS

Human Capital

EMPLOYEE COMPENSATION AND BENEFITS [GRI 401-2]

The Company provides a range of monetary and non-monetary benefits to employees as part of our rewards for their hard work and dedication. Benefits vary depending on the category of employment and the seniority of the employee's position within the corporate hierarchy. The following table gives an overview of the benefits given to the full-time permanent cadre of the Company.

Benefit	No. of Employees
Life Cover	443
Indoor Medical (Family)	443
Critical Illness cover	319
Personal Accident Cover	443
OPD	443
Death Donation	290
Distress Loans	18
Education Loan	7
Professional Subscriptions	98
Phone Allowance	157
Internet Allowance	185
Travel/Vehicle Allowance	98
Fuel Allowance	98

EMPLOYEE PERFORMANCE APPRAISAL [GRI 404-3]

The Company's performance appraisal system is directly linked to our compensation, benefits and reward program and enables us to promote and enrich the job responsibilities of employees according to a merits methodology. The Company's automated performance appraisal process together with the improved behavioural competency framework ensured employees received a fair appraisal of performance during the year under review. All executive-level employees receive by-annual performance reviews against the KPIs that have been allocated to them at the beginning of the financial year.

Janashakthi Life held our Annual Awards Ceremony as a hybrid event in 2021. Employees whose performance was beyond our expectations were felicitated at this event. In total, we recognised the hard work and dedication of 150 highflyers during the year.



OCCUPATIONAL HEALTH AND SAFETY [GRI 405]

As a service-oriented organisation, Janashakthi Life's employees are generally not exposed to health and safety incidents in the workplace. However, the advent of the COVID-19 pandemic required the Company to put in place appropriate measures to protect employees from contacting and spreading the virus. Thus, the Company continued to implement the relevant health and safety measures such as wearing of masks, washing and sanitising and maintaining appropriate social distancing as per health authority guidelines while continuing business activities. When the vaccination drive was introduced in the early part of 2021, the Company encouraged employees to get vaccinated and spread awareness of the benefits of vaccination to guide employees to the right path. We are happy to report that all employees of the Company were fully vaccinated by the end of the financial year.

EMPLOYEE GRIEVANCES [GRI 405]

The Company has in place a grievance handling mechanism, to enable employees to bring to the Management's notice any problems they may face. The Grievance Handling Committee (GHC) consists of six members, of whom five must be senior managers of the Company. The Chair of the GHC personally reviews cases to ascertain whether the subject matter falls within the purview of the Grievance Handling Procedure (GHP) in consultation with the Head of Human Resources. In instances when a case does fall within the purview of the GHP, the case may be referred to the Human Resources Department (HRD) or to the Head of Department to which the employee belongs with the written permission of the complainant via the HRD to be resolved. Employees belonging to the HR department can directly submit the grievance to the GHC to ensure confidentiality and impartiality is being maintained in the grievance handling process.

	2021
No. of Grievances Reported	12
No. of Grievances Resolved	12

FUTURE DIRECTION

In order to developing a Value Based Performance Driven Culture within the Company we have taken following steps:

In 2021, the true value of employees and their importance to organisational development and sustainability during crises and heretofore unseen challenging operating environments were realised unconditionally. Our employees came through and with their dedication and willingness to adapt to changing work requirements showcased the Company's successful implementation of HRM practices and policies.

The changes experienced in work operations and how business was carried out in 2021 will play a critical role in shaping the future of the Company's value creation model for human resources. To remain sustainable, the Company will have to continue to invest in transforming HR into a digital operation, which can be performed with a fixed physical location. The planned HR shared services model will play a critical role in this area.

As Janashakthi Life follows through on our commitments to employees, we will have to continue to adopt systems and processes to effectively manage HR and remain relevant in the new operating post-COVID-19 era – where people's priorities have undergone drastic changes and new ways of doing business have evolved.

One of the key developments planned in 2022, is to further enhance the 'Learning Management System' and continue to use it as the official training platform, throughout.

The Company will also continue to focus on attracting and retaining the best talent through innovative yet effective and efficient onboarding strategies and following through on our commitments to create a place to grow and develop employees' careers.



Social and Relationship Capital



Building relationships with our customers, business partners, regulatory authorities, suppliers and the community supports business performance and growth in the long term while enabling us to create value across societal groups and remain a sustainable business operation. Social and relationship capital investments also support macroeconomic growth and create a more competitive insurance industry landscape creating greater opportunity across stakeholder groups



2021 KEY VALUE GENERATING ACTIVITIES

CUSTOMER SERVICE EXCELLENCE

COMMUNITY PROJECTS

ENHANCING VALUE ADDITIONS TO COMMUNITY

CONTRIBUTIONS TO SOCIAL WELL-BEING

Staying true to the Company's corporate purpose of uplifting lives and empowering dreams, Janashakthi Life endeavours to continually deliver greater value across our external stakeholder groups ethically and transparently. Following this path of value creation has been instrumental in retaining trust, respect and loyalty over the last 27 years of operations. As one of the pioneering insurance industry businesses, Janashakthi Life has brought to the market a range of innovative insurance solutions and services to cater to the different stages of customers' lives.

The Company's focus on delivering value for these diverse stakeholder groups with differing expectations has enabled us to create a unified value-creating model which considers the spectrum of factors that are important to our stakeholders. This approach supports us to build and retain mutually beneficial relationships for all while creating value for the various capitals and the Company.

78%

INCREASE IN NEW POLICY APPLICATIONS

Goal ► INCREASED CUSTOMER SERVICE LEVELS

- 98.7% customer satisfaction rate recorded

Goal ► COMPLY WITH ALL LAWS AND REGULATIONS

- Paying all applicable taxes on time
- Complying with the relevant industry and business regulations
- Adhering to the IRCSL COVID-19 guidelines

Rs. 1.5 Bn.

COMMISSION PAID TO SALES AGENTS

Goal ► CREATE A CUSTOMER OMNICHANNEL EXPERIENCE

- Implementation of the robust customer-response system

MANAGEMENT APPROACH

To create social and relationship capital value across applicable stakeholder groups, Janashakthi Life takes a planned step-by-step approach where the diverse needs of our stakeholders are considered in concurrence with business goals and objects. As an insurance service provider, it is our primary purpose to meet the insurance needs of the population and our customers across various socio-economic segments. We also work collaboratively with suppliers, business partners and regulatory bodies to satisfy their expectations while not compromising on our business performance. Furthermore, we also realise the importance of giving back to the community within which we operate and annually plan projects that aim at giving back to the communities who support our business operations.

By taking an integrated strategic approach, working with foresight and compassion and collaborating across stakeholder groups, the Company has been successful in creating value for our stakeholders while gaining a reputation as a reliable and responsible insurance provider of the nation.

CREATING VALUE FOR SOCIAL AND RELATIONSHIP VALUE



Donating Ventilators to Government Hospitals



Grade Five Scholarship seminars for students who are facing the exam

Rs. 2.3 Bn.

TOTAL CLAIMS

Goal ► SUPPORT SUPPLIER BUSINESS GROWTH

- Making payments promptly

Goal ► ENHANCE BUSINESS TRANSPARENCY AND ETHICAL PRACTICES

- Reporting using the GRI Standard for annual reports
- Application of the Integrated Reporting Framework

21

COMMUNITY PROJECTS COMPLETED IN 2021

Goal ► GIVE BACK TO THE COMMUNITY AT LARGE

- Providing ventilators to the hospitals
- Other community projects

Social and Relationship Capital

SATISFYING OUR CUSTOMERS

Our customers play an important role in shaping our business and how we operate. As a service-oriented business offering insurance services, Janashakthi Life interacts with customers in their time of need requiring us to deal with them compassionately and with understanding. Key areas which create value for all our customer segments are, enhancing customer experience by improving service levels and convenience, offering efficiency in terms of digitalisation and offering improved and new insurance products.

TECHNOLOGY TO ENHANCE CUSTOMER EXPERIENCE

The Company has over the years implemented various systems and processes to enhance customer experience and offer unparalleled services to our loyal customers. While technology adoption has been a strategic drive for some time, the importance of digital solutions to customer front-end servicing became a critical success factor in the last two years with the advent of the pandemic infected operating environment.

The Company began the systems automation process for customer-facing functions in 2020 and continued the process in 2021, successfully completing and launching the new policy requests and policy renewals in 2021. In the year under review, Janashakthi Life continued to implement enhanced systems automation protocols to manage routine workflows for customers, for added convenience. The Company successfully implemented the digital customer onboarding portal for our sales agents to align with the Company's goal to increase and diversify sales and improve customer convenience. We also launched a mobile app for the customer claims process. The Company also began converting other key customer service functions to a digital system as our continuing efforts to increase customer convenience and experience when partnering with Janashakthi Life for their

insurance needs. To further penetrate the market and increase the efficacy of our customer reach, the Company undertook a comprehensive restructuring of our channel distribution structure. As part of this process, the Company established a new business channel to increase customer reach and accessibility. Going forward we will operate on a 4-channel distribution structure which will enable us to implement more focused strategies and increase overall service levels to our customer segments.

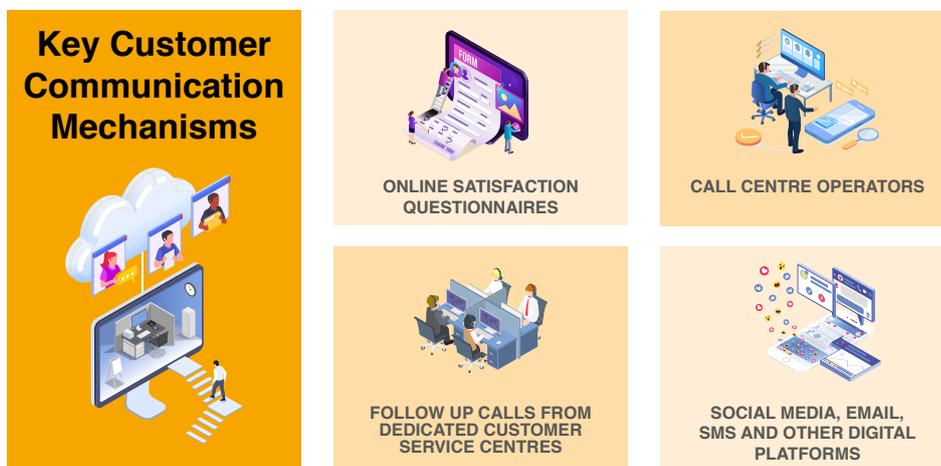
Another noteworthy achievement in 2021 was the implementation and launch of the Banca mortgage protection/decreasing term assurance (DTA) module with most major Sri Lankan banks to enable customers of these banks to obtain the Janashakthi Life Loan Guard (cover for loan protection) over the counter from their preferred bank.

With the upgrade of the integrated call centre, the Company was able to enrich customer service levels by reducing customer waiting times which also impacted positively on customer satisfaction levels.

Furthermore, the Company's integrated payment method with continuous addition of digital solutions to settle policy payments and receive claim settlements, tremendously supported to improve customer health and safety and offered convenience, especially during the last two pandemic-afflicted years.

COMMUNICATING WITH CUSTOMERS

Communication with customers is crucial for an insurance service provider dedicated to upholding the principle of 'utmost good faith' with customers. The Company has in place a range of communication techniques for continual customer interaction, sharing of information and receiving grievances and feedback. As part of our endeavours to increase efficiency in communication with customers, the Company rolled out a state-of-the-art integrated solution for our call centre operations in 2021.



CUSTOMER GRIEVANCE HANDLING [GRI 2-25]

The above communication channels also act as channels for receiving customer complaints and issues. In addition, the Company's online 'Go Digital' option to lodge customer complaints at 'www.jic.com' has become a popular mechanism for receiving customer grievances. Small and easy to handle customer grievances are processed using emails and SMS, as well as our social media channels such as Facebook.

Janashakthi Life has in place a grievance handling mechanism for more serious customer grievances. The grievance handling mechanism of the Company is a transparent process that is handled in a confidential manner with no involvement of the department, team, or person to which the grievance is directly related. The process is conducted by an independent party and adheres to the Company's grievance handling processes.

During the year under review, we did not receive any serious grievances from customers.

CUSTOMER PRIVACY [GRI 418]

While doing business, the Company is privy to receiving confidential information from customers. We have implemented strict security protocols and use security software as required to safeguard sensitive information and ensure customer privacy is maintained. Maintaining customer privacy is also captured in our employee code of conduct as explained on pages 82-89 of the Corporate Governance Report. We also expound to our employees the importance of maintaining the confidentiality of personal information and train our employees and advisors on customer privacy protection.

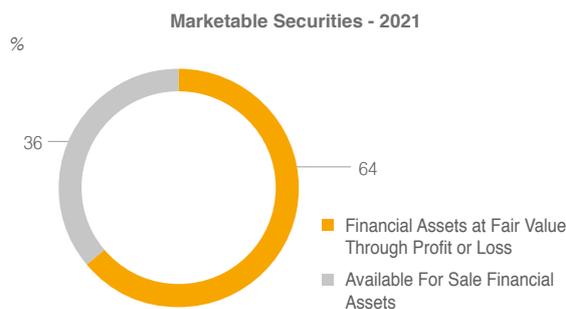
There were no recorded violations of customer privacy or loss of customer data during the year under review.

PRODUCTS AND SOLUTIONS

The Company sells insurance products to empower our customers to safeguard themselves and their families, today and tomorrow, by engaging in the insurance process. Accordingly, our products and solutions must evolve to suit prevailing market needs and conditions. A recent example of new product development was the launch of the 'Janashakthi COVID Guard' in 2020 to fulfil the public's need to be protected from the emerging COVID-19 pandemic. Furthermore, in 2021 the Company revamped and re-introduced the 'Janashakthi Golden Bond' with an attractive new interest rate in consideration of the macroeconomic developments in the country.

DEALING FAIRLY WITH SUPPLIERS [GRI 204]

Our suppliers provide us with non-core services and products to enable the Company to carry out our daily operations efficiently and without unnecessary interruptions. The Company's suppliers fall within two categories – Contract Suppliers and Outright Purchase Suppliers. Most of our suppliers have been a part of our value chain for over 25 years.



RELATIONSHIPS WITH SUPPLIERS

Types of Suppliers	2021		2020	
	No. of Suppliers	Length of Relationship	No. of Suppliers	Length of Relationship
Stationery Products	17	6	17	5
IT Services	16	7	19	6
Security Services	1	11	1	10
Janitorial Services	1	3	21	2

PROCUREMENT PROCESS [GRI 414]

Janashakthi Life has in place an established procurement process that guides supplier relationships and the procedures for dealing with established suppliers and choosing new suppliers to service the Company. The Company also expects our suppliers to comply with local laws and regulations, operate their business on an ethical basis and have in place systems to avoid instances of forced or compulsory labour and child labour. A dedicated committee overlooks the Company's procurement process and further strengthens the relationships built with our suppliers.

No incidences of negative social impact in our supply chain were reported to the Company in 2021.

COLLABORATING WITH BUSINESS PARTNERS

The Company's business partners comprise the distributors/agents who sell our insurance products, banking institutions, digital fund transfer operators, payment gateway operators, actuaries, supermarket chains and other financial and investment sector institutes across the country. Our business partners play a large role in supporting Janashakthi Life's business activities and our

Social and Relationship Capital



PROTECTION AND HEALTH

Janashakthi Good Health

Truly comprehensive and affordable health insurance that frees you from worrying about how you will pay your hospitalisation bills.

Janashakthi Loan Guard

Taking a loan to build your dream home or to purchase a car? Now you can protect your loved ones from financial trouble in case something happens to you.

Janashakthi Jeevitha Vardana

Watch your insurance cover grow right before your eyes. Your cover increases by 50% every 5 years.

Janashakthi Suwashakthi

A pure protection plan, offering insurance benefits, with the highest protection for the lowest premium.

Janashakthi Life Unlimited

A 20-year plan with lifetime hospitalisation and benefits.

Janashakthi Family Plus

Inbuilt inflation guard benefit of 10% every year, means your protection and maturity value will keep up with inflation throughout the term.

Janashakthi COVID Guard

Protects against the various risks that emerged due to the COVID-19 pandemic.

promise to offer high levels of service and convenience to our customers. The Company uses very strict processes and guidelines when considering business partnerships to ensure sustainable business opportunities for both partners.

Considering the increasing digital integration within our business operations, especially in the last two years with the spread of the COVID-19 pandemic leading to accessing necessary services via technology, the Company has significantly increased our partnerships with digital fund transfer operators and payment gateway operators. Furthermore, to increase convenience to partnership channels, in 2021 Janashakthi Life began a system automation process to increase the efficiency of our workflow management with our business partners.

In 2021, we added 11 new partnerships to our network to support the Company's business operations. Aligned to our growing digital focus in serving our customers, one of these new partners fell within the category of digital service providers.

Janashakthi Life's distributors/agents continue to be critical partners as they enable us to serve a wider market segment and sustain our business growth objectives.

BUSINESS PARTNER NETWORK OVERVIEW

Types of Business Partners	2021		2020	
	No. of Suppliers	Length of Relationship	No. of Suppliers	Length of Relationship
Distributors/Agents	7	6	7	5
Banking Institutions	16	12	16	11
Actuaries	1	6	1	5
Supermarket Chains	1	7	1	7

COOPERATING WITH REGULATORY AUTHORITIES [GRI 419]

Janashakthi Life invests considerable resources to maintain our status as a transparent and ethical business operation following national laws and regulations as well as adhering to regulations, guidelines and best practices of the Insurance Regulatory Commission of Sri Lanka (IRCSL). We regularly review industry and financial regulatory guidelines to ensure we comply with any changes required to the way we do business. Listed on the Colombo Stock Exchange (CSE), the Company also adheres to the rules and regulations as stipulated by regulatory authorities comprising of industry regulators, the CSE and the Securities and Exchange Commission (SEC). Complying with labour laws and the Shop and Office Act is integral in the Company's efforts to create value for our employees. We also give back to the nation by making on-time statutory and tax payments and submitting reports to the IRCSL as per requirements.

Janashakthi Life has reported no non-compliance with laws and regulations in the social and economic area during 2021.

[GRI 419]

Anti-Competitive Behaviour

Janashakthi Life has not faced any legal actions for anti-competitive behaviour, anti-trust and monopoly practices to date.



[GRI 419]

Public Policy

As a policy, Janashakthi Life does not make political contributions.



GIVING BACK TO THE COMMUNITY [GRI 413]

Operating within the wider community our business activities may impact communities in indirect ways. Understanding that our stakeholders originate from these societies, Janashakthi Life is conscious of our responsibility of safeguarding communities and ensuring no adverse business impact cascades down to them. We are also great believers in giving back to these communities for their betterment. Over our 27 years, the Company has led with a purpose to uplift lives and empower businesses and individuals to achieve their dreams. As part of this pledge, the Company has been involved in various projects to support education advancement, improve livelihoods, support infrastructure development and support the health and safety of individuals.

In 2021, the following projects were implemented and successfully concluded by the Company. Some of these projects were done in collaboration with our stakeholders and other charitable institutions.

FUTURE DIRECTION

Janashakthi Life will continue to make investments to create value for social and relationship capital and invariably create value for some of our main stakeholders. We will focus on improving customer experiences and efficacy. The Company will remain vigilant to changing market conditions and evolutions and offer insurance

SECURING YOUR CHILD'S FUTURE

Janashakthi Jeevitha Thilina

The ultimate children's savings plan gives your child stability even when they grow up. Pay premium until their 18th birthday and protect them to their 50th year.

Janashakthi Shilpa Shakthi

A unique policy that creates two funds in one for your child.

RETIREMENT PLANS

Janashakthi Life Unlimited

With a guaranteed investment return each year and added superior protection covers, we will help you create and protect your wealth so you can live a truly fulfilled life.

Janashakthi Life Investment Account

With a guaranteed investment return each year and added superior protection covers, we will help you create and protect your wealth so you can live a truly fulfilled life.

SAVINGS AND INVESTMENT SOLUTIONS

Janashakthi Cash Advance

Why wait for your insurance to mature to enjoy life? Cash advance makes lump-sum payments every three years.

Janashakthi Life Investment Account

With a guaranteed investment return each year and added superior protection covers, we will help you create and protect your wealth so you can live a truly fulfilled life.

Social and Relationship Capital

solutions to protect the population in the long run. This will result in our focused efforts to revolutionise our existing products and add new products and solutions to our portfolio.

We will continue to partner with other businesses as part of our efforts to enhance customer service levels and support their changing needs. Digitalisation will continue to play a more progressive and comprehensive role in our business operations and surge across all aspects of our business activities. We will also focus on expanding our reach to sustain our growth momentum through distribution channel expansions and targeted market penetration strategies.

We will remain a responsible and ethical organisation, focused on complying with all regulations and laws, adopting fair and conducive business processes when working with suppliers and business partners and giving back to the community at large as part of our national conscience.

Spreading the light of **Janashakthi Life** across the nation!
- Activation highlight of 2020 -



Initiated in 2016, the **School Name Project** has reached **over 220** schools across the nation.

With this initiative we aim to spread the light of Janashakthi Life and empower the lives of thousands of school children.

Intellectual Capital



Intellectual capital plays a significant role in Janashakthi Life's value creation processes. It acts as the glue which brings forth and carries forward the Company's knowledge, skills, experience and information generated over the past 27 years to create a sustainable enterprise

2021 KEY VALUE GENERATING ACTIVITIES

TECHNOLOGY AND DIGITALISATION IMPLEMENTATIONS

KNOWLEDGE SHARING AND SKILLS DEVELOPMENT

MARKETING TO ENHANCE CORPORATE AND BRAND VALUE

STREAMLINING PROCESSES AND SYSTEMS

The Janashakthi Life brand values, our corporate values and culture, the systems and processes implemented for greater efficacy in value delivery, technology adoption to pursue digitalisation goals and the knowledge and know-how of our people combine to influence the present and future success of our business while enabling us to provide insurance solutions that go beyond the traditional boundaries of protection, offering our customers greater value and security.

The Company's investments in intellectual capital are aimed at continuous process improvements, brand building activities and creating a culture that embraces organisational learning and acceptance of emerging opportunities.

>73,000

FACEBOOK FOLLOWERS

Goal ▶ CONTINUE TO ENHANCE OPERATIONAL EXCELLENCE

- Deployed the sales tracker and recruitment online portals
- Continued to build our corporate knowledge base, through targeted training and development initiatives

91%

REPEAT CUSTOMERS

Goal ▶ IT AND DIGITALISATION FOR SUSTAINABLE BUSINESS OPERATIONS

- Launch of 'Janashakthi Life App' – a fully digital self-service mobile application
- Implemented online customer and sales agent onboarding portals

100%

OF EMPLOYEES RECEIVED LEARNING OPPORTUNITIES

Goal ▶ RETAIN BRAND REPUTATION AMIDST CHALLENGES

- Maintained our brand and corporate reputation by providing uninterrupted services amidst many lockdowns
- Implemented online customer and sales agent onboarding portals

A+

BRAND RATING ACCORDING TO BRAND FINANCE

Goal ▶ INSPIRE CUSTOMER LOYALTY

- Y-O-Y increasing number of repeat customers

Intellectual Capital

MANAGEMENT APPROACH

Janashakthi Life uses a cohesive approach in creating intellectual capital value for our stakeholders. Systems and processes across all organisational functions are integrated to produce a synergistic result while the adoption of emerging and advanced technologies enable us to augment our operational processes to embrace digitalisation for great effectiveness and efficiency. The greatest benefit received from intellectual capital is the differentiation factor enabling us to create various avenues of competitive advantage to lead the way in providing far-reaching insurance solutions to meet customer requirements.

The Company diligently pursues enrichment of knowledge and know-how of our people through learning and development programs which will not only extend employees' skills set but also contribute towards more effective application of systems and processes. These elements of intellectual capital enable the Company to deliver higher levels of value across capitals while increasing the corporate and brand reputation of Janashakthi Life in the marketplace. The local and international awards and accolades bestowed on the Company, supports our efforts to create intellectual capital value and give us an unbiased view of the success of our strategies. These external acknowledgements also inspire us to do better and reach for more challenging achievements in the future.

The Company continuously and strategically invests in intellectual capital elements to enable us to meet evolving stakeholder needs and maintain the momentum of the value creation process. Accordingly, during the year under review, we invested in marketing and brand promotion activities, new technology implementations, process re-engineering, employee training and education programs and stakeholder communication enhancements.

INCREASE IN BRAND VALUE

The year under review was rewarding for Janashakthi Life in terms of enhancing our corporate brand. Our endeavours over the last few years resulted in the Company achieving a significant improvement in brand equity. The Company receiving external recognition for our achievement further reiterates the success of our strategies to become a leading recognised insurance service provider for all Sri Lankans.

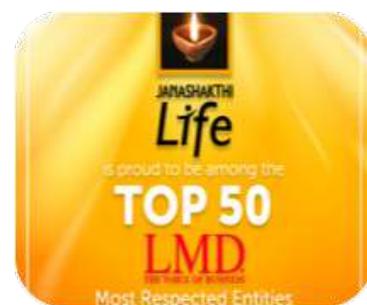
DIGITALISATION AND TECHNOLOGY ADOPTION

With the world becoming more technologically driven and consumers accepting digitalisation as integral to their lifestyles, the insurance industry as a whole must embrace the benefits to be derived in the longer term and as a means to develop a sustainable competitive advantage. Resultantly, over the last few years, the Company has focused on technology adoption as a source of future growth while making strategic investments that create



value for the business and our stakeholders. Accordingly, during the year under review, we streamlined our digitalisation and technology integration efforts by taking a three-fold approach for creating value synergistically.

As part of our efforts to improve digital inclusion internally, we trained and increased employee awareness of the importance of technology and digitalisation for efficacy and future sustainability of the business as well as the increased value creation opportunities from the customers' perspective. We also deployed the sales tracking portal to make tracking tasks easier for our sales teams and increase the transparency of the sales process.



Brand Finance's Annual Index of Most Valuable Consumer Brands
Janashakthi Life moved upwards 5 ranks, with a brand growth of 19% in 2021.

DIGITAL INCLUSION

TARGETING OUR EMPLOYEES TO EMBRACE TECHNOLOGY AND CREATE REALISABLE VALUE TO OTHER STAKEHOLDERS

DIGITAL ENVIRONMENT

CREATING A 360 DEGREE DIGITAL AND TECHNOLOGY-DRIVEN ORGANISATION TO REAP SUSTAINABLE BENEFITS IN THE LONG TERM

DIGITAL REACH

USING DIGITAL MEANS TO ENHANCE THE INTERACTIONS AND COMMUNICATION BETWEEN THE BUSINESS AND OUR STAKEHOLDERS

During the year under review, several significant improvements were made to the Company's digital environment to enable a more robust operating environment with systems and processes geared to handle evolving business needs. To manage the performance of employees and business functions, we deployed a project management system that provides real-time updates for ongoing projects and supports the efficient and effective completion of internal systems implementation. Furthermore, we also implemented an IT helpdesk and ticketing solution which ensure IT services are delivered according to Service Level Agreements (SLAs). We also undertook IT system upgrades including the Disaster Recovery Site firewall upgrade and consolidated usage of the IT data centre resources for easy deployment for new IT solutions.

As part of our digital reach strategy, we deployed online portals for recruitment and onboarding of sales agents and customers. We also adopted emerging technologies to offer new solutions to customers and enrich their experience of partnering with Janashakthi Life for their insurance needs.

DATA SECURITY [GRI 418]

As part of our business activities, the Company invariably has access to sensitive customer information. As such, data security plays an important role in creating intellectual value and enhancing our brand in the eyes of our customers. Resultantly, we have made data security an important element of our business processes and make regular strategic investments to ensure the security of confidential and private information. Accordingly, we have a security system where information is only accessed by employees as per their job requirements. This is done by implementing user-role defined system access that provides specific permissions and privileges according to job requirements. The Company has also deployed threat prevention strategies at the perimeter and endpoint levels and utilises sophisticated data encryption methods at the point of transmission and storage to secure data. We have also enforced a DLP system to avoid data loss and

leakage. All systems and processes were reviewed and relevant patches and upgrades were applied during the year under review.

MARKETING AND ADVERTISING

Marketing and advertising are important for the Company as it helps to promote our products and services in the marketplace, create awareness about the Company and its achievement and contribute towards brand value creation. During the year under review, the Company continued to focus more on digital channels and launched "Digital" as a distinct marketing channel. Our marketing communications continue to use English, Sinhala and Tamil languages to ensure the widest possible reach in the marketplace.

A key marketing initiative during the year was the focus on promoting a transformation in the mindset of our employees, from a sales focus to a marketing culture, with our dedicated sales force being encouraged to market our products rather than simply sell them. To foster this initiative, the Company branded our sales team as the "Lion Force" providing them with a unique identity while creating much enthusiasm and increasing the motivation to perform at higher levels. The Company also provided our "Lion Force" with specialised training and put in place an incentive scheme and created a reward and recognition program to foster a performance culture.

Janashakthi Life has not been cited for any incidents of non-compliance concerning product and service information and labelling in 2021.

Janashakthi Life has not had any incidents of non-compliance concerning marketing communications in 2021.

PRODUCT AND SERVICE LABELLING [GRI 417]

As a responsible corporate applying transparency in business operations, the Company ensures that all pertinent details of our product and services are clearly explained in our product brochures, the corporate

Intellectual Capital

website and when speaking directly with customers. The Company's Lion Force is adequately trained to explain the terms and conditions related to all insurance products offered and provide customers with any additional information requested.

SYSTEMS AND PROCESS ENHANCEMENTS

The systems and processes of the Company must continually evolve to align with changing business operations, operating conditions, technology usage and stakeholder value propositions. Janashakthi Life strives to ensure our internal systems and processes are updated as needed and automated and digitalised to accommodate changing stakeholder needs and to increase business efficiencies.

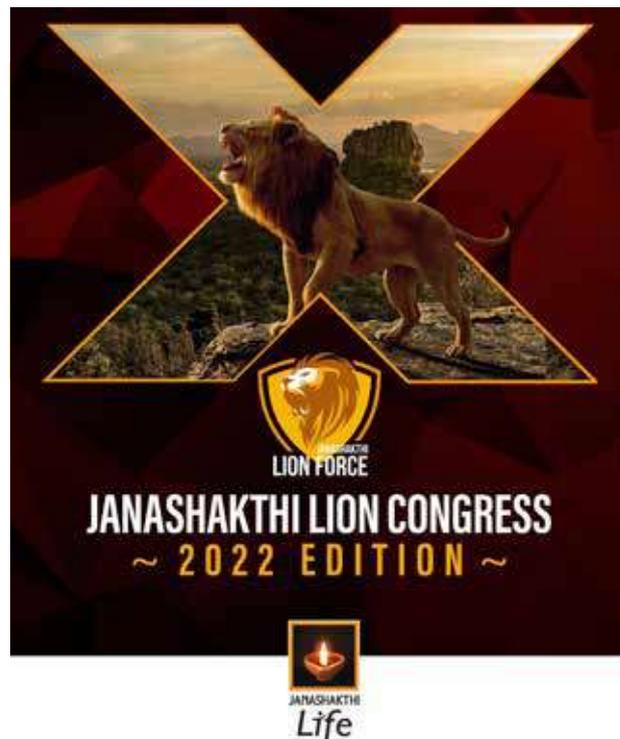
The Company's communication processes and systems are regularly enriched to provide better and more interactive solutions across stakeholder groups. During the year under review, the Company's call centre was upgraded to provide real-time services to customers in order to address the customer needs in an efficient and effective manner. The Company also re-engineers systems and processes for long term benefits, controlling costs and providing uninterrupted business services.

EMPLOYEE KNOWLEDGE AND KNOW-HOW

The repository of knowledge and know-how which the Company has accumulated over the last 27 years is predominantly from the skills and experience of our Management and employees. These elements are a vital input for our value creation process and act as a catalyst in creating intellectual capital value. The combination of industry and functional knowledge bring about novel concepts and ideas enabling the Company to develop ambitious goals and overcome challenges while making most of emerging opportunities. This foundation of a strong intellectual capital base driven by our people's ambitions to shine bright combined with synergistic inputs and outputs across our other capitals resulted in Janashakthi Life outperforming the industry across key performance indicators of a life insurance business, the number of policies, new business (first-year premium), renewal premium and total premiums during the year under review.

FUTURE DIRECTION

To drive forth intellectual capital value in the coming years, the Company will continue to invest in information technology and digitalisation as an integral part of our sustainable value creation model. We will focus on efficacy in processes and systems and push our employees to embrace a learning mindset to cater to evolving customer needs and the changing operating landscape. Planned strategic investments will be made to increase our corporate and brand value, promote our top-of-the-line insurance products and services and increase marketing



Janashakthi Life has not been cited for any incidents of non-compliance concerning product and service information and labelling in 2021.



Janashakthi Life has not had any incidents of non-compliance concerning marketing communications in 2021.

and advertising activities to reach our target market at the right time and by using the most appropriate channel.

In 2022, Janashakthi Life will mainly focus on improving intellectual capital value within the organisation by continuously supporting value creating activities that will add value to the society as a whole while increasing access to insurance products. As digitalisation is rapidly

Mr. C.T.A Schaffter, Founder of Janashakthi Insurance PLC, often referred to as the 'Father of Insurance' in Sri Lanka, was awarded the Outstanding Role Model Award 2021 by Sri Lanka (unites) in recognition of his individual achievements as well as his powerful impact and inspiration to help guide communities and its social impact



transforming the insurance industry in Sri Lanka, we will also be more focused on digitalisation to support our efforts to enhance customer convenience, achieve operational excellence and improve distribution capabilities. This further increases our intellectual capital in the short to medium terms. The Company will also continue to use the inherent and learned knowledge of our leadership and employees to derive greater future success and business growth.

We believe that the strong governance structure in place (refer pages 36-62) which focuses on protecting the interest of all our stakeholders will support and drive our value creation process, thereby enabling greater value creation of the Company's intellectual capital.

KEY VALUES DRIVERS				
<p>COMBINED EXPERIENCE OF CORPORATE MANAGEMENT TEAM</p> <p>100 > YEARS</p>	<p>BOARD OF DIRECTORS ARE EXPERIENCED IN 15 FIELDS OF BUSINESS OPERATIONS</p>	<p>EMPLOYEES HOLD 20 MASTER'S DEGREES</p>	<p>EMPLOYEES HAVE EARNED 112 BACHELOR'S DEGREES</p>	<p>QUALIFIED IN THE INSURANCE AND FINANCE FIELDS</p> <p>225 EMPLOYEES</p>

Natural Capital



Preserving the environment and safeguarding natural scarce resources for the use of future generations remains integral to strategic decision-making at Janashakthi Life while taking forward our ambitions of sustainable business operations



Janashakthi Life
X



GIVEAWAY WINNER

2021 KEY VALUE GENERATING ACTIVITIES

REMOVE, REDUCE, REUSE OR RECYCLE	EFFICIENT USE OF ELECTRICITY	PAPERLESS WORKING ENVIRONMENT	ECONOMICAL USE OF FUEL
----------------------------------	------------------------------	-------------------------------	------------------------

Creating natural capital value revolves around environmental protection and natural resource conservation. The Company pursues best practices and embraces sustainable business systems to promote a policy of environmental protection and minimises the use of natural scarce resources by applying the well-tried reduce, reuse and recycle framework.

21% ↓

REDUCTION IN PAPER USAGE

Goal ► REDUCTION IN PAPER USAGE

- 100% paperless process for customer onboarding and agent recruitment
- The Life Operations Department went paperless during the year

57% ↓

REDUCTION IN ELECTRICITY USAGE

Goal ► INVEST IN ENERGY-SAVING FITTINGS AND EQUIPMENT

- Proper building and layout planning of Branches and Head Office

MANAGEMENT APPROACH

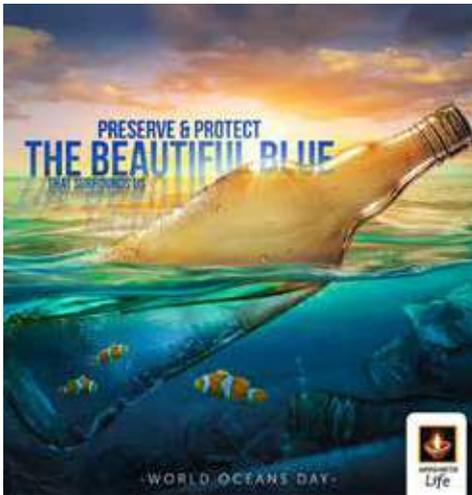
Natural Capital value is created in terms of conservation, usage reduction and protection of natural resources. Accordingly, the Company endeavours to develop business strategies that consider the efficient use of natural resources like water and fossil fuel to minimise the harm to the environment while operating our business. We do this by focusing on aspects such as reduction of paper usage, advocating environmentally-friendly practices and promoting environmental conscientiousness.

While the Company's business operations have a lesser impact on natural resources, continuing daily business activities impacts the environment while utilising natural resources, both directly and indirectly. Thus, Janashakthi Life approaches value creation for the environment by implementing a remove, reduce, reuse or recycle policy

that supports our goals to protect natural resources, decrease overall consumption and reduce the Company's Carbon footprint.

ENERGY CONSERVATION [GRI 302]

The Company's day-to-day business operations utilise energy in the form of electricity and fuel. We obtain our electrical power from the National Grid which uses hydropower. To minimise the amount of energy used, we have implemented a policy of replacing high-energy using equipment and light fixtures with energy-efficient devices and energy-saving lighting, respectively. The Company's energy consumption during the financial year under review was 102,542 kWh which was comparatively less than the energy consumed during 2020. The primary reason for this is the full adaptation of Work From Home and reducing the weekly courier service to one day in a week.



KEY INITIATIVES TO REDUCE ENERGY CONSUMPTION

- LED LIGHT INSTALLATIONS
- INSTALLATION OF LOW ENERGY LIGHTING SYSTEMS
- REPLACEMENT OF DESKTOP COMPUTERS WITH LAPTOPS
- INSTALLATION OF APPROPRIATE SIGNAGE

Natural Capital

Fuel is used for operating Company vehicles and the power generator. The Company's direct fuel consumption in 2021 amounted to 48 litres of petrol and 121 litres of diesel compared to 57 litres of petrol and 137 litres of diesel used in 2020. This reduction is mainly due to the higher number of employees working from home. Our employees also use fuel to run their private vehicles which we consider an indirect impact to our business operations. The Company does not measure indirect fuel consumption but encourages employees to carpool and use public transport to reduce their personal Carbon footprint.

REDUCING PAPER USED IN OPERATIONS [GRI 301]

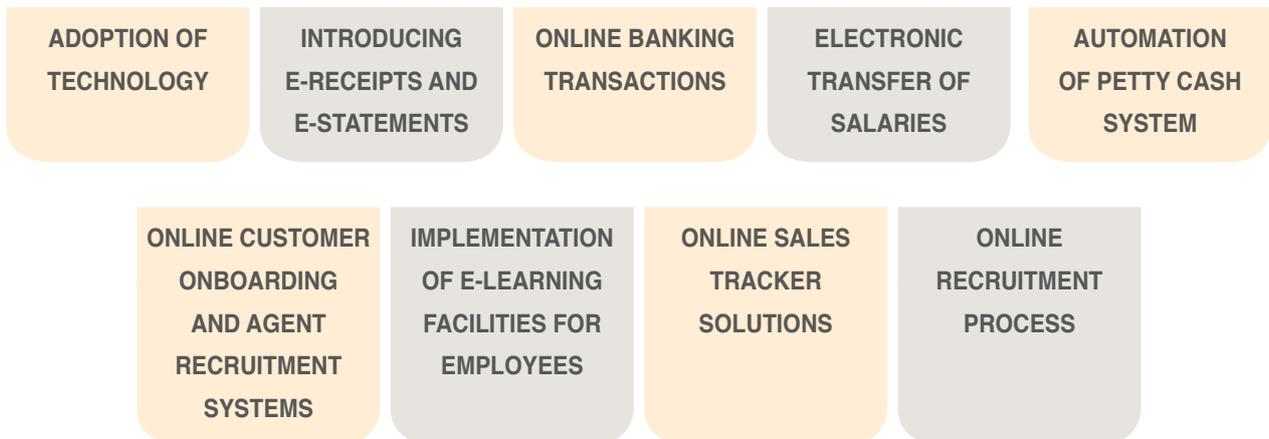
Operating a completely paperless work environment is Janashakthi Life's medium-term aspiration. Our efforts at digitalisation and utilisation of technology to streamline work processes are key contributors to making this aspiration a reality in the short term. The Company has adopted and deployed technology to convert many routine tasks to automated processes, while using the popularity of the internet to deploy many online services and systems for customer communication, customer-facing tasks and customer care services.

GRI 301

CREATING A WORKPLACE WITH A MINDSET OF A PAPERLESS OPERATING ENVIRONMENT



The Company has successfully reduced the paper used year-on-year as shown in the table below:



WASTE MANAGEMENT [GRI 306]

The Company continues to dispose waste by segregating it according to the requirements of the Local Municipal Council garbage disposal facility requirements. The Company's waste mainly consists of perishable food waste, paper, plastic and polythene.

Waste that can be recycled is segregated and disposed using specialist waste collection operators.

Paper waste produced by the Company has drastically reduced over the last few years due to the implementation of technology to automate processes and digitalisation of communications and other critical business systems.

The hazardous waste generated by the Company in the course of business operations is limited to light bulbs, printer cartridges and other similar items. The Company disposes these hazardous materials as per local regulations.

WATER MANAGEMENT [GRI 303-5]

Water usage is limited to the water used by employees for their daily hygiene needs across our operating locations. The Company uses water supplied by the National Water Board. Drinking water is supplied separately through a contractor. The Company has not yet begun to formally quantify water usage.

BIODIVERSITY CONSERVATION [GRI 304]

The Company ensures that none of our business operating locations is close to biodiversity conservation areas or has a negative impact on the biodiversity of the Island.

ENVIRONMENTAL CONSERVATION [GRI 304]

The Company has had no reported incidents of non-compliance with any local environmental laws or regulations.

FUTURE DIRECTION

As we progress with our natural capital creation efforts, Janashakthi Life will continue to enhance the processes adopted to quantify and qualify our natural resource management usage and conservation efforts.

Digitalisation is the key to our continued focus on reducing the paper used in business operations as well as indirectly having a positive impact on fuel consumption, energy consumption and wastage reduction. We expect greater savings as the fully digitalised system for the customer claims process continues to be used by more customers. The Company also plans to integrate WhatsApp and Viber Apps within our claims process to enable our customers to utilise known technology to submit and verify claim-related documents. Furthermore, the emphasis on using digital payment methods such as bank transfers, eZcash and mCash among others will also support the Company's efforts towards conservation, usage reduction and protection of natural resources. The Company also plans to virtualise all employee training programs which is expected to reduce energy consumption and paper usage leading to greater value addition to the natural capital value creation process.

Report of the Board Audit Committee (BAC)

The role of the Board Audit Committee (BAC) is to assist the Board in discharging its responsibilities by satisfying the Board oversight responsibilities over financial reporting, internal controls and risk management, compliance with legal and regulatory requirements, review of Company's assurance functions, including the External Audit and Internal Audit, ensuring independence and effectiveness of both.

TERMS OF REFERENCE

The Board approved Audit Committee Charter clearly defines the Terms of Reference (TOR) of the BAC and regulates its composition, role and responsibilities. Key responsibilities include:

- Ensuring the integrity of the Financial Statements of the Company and that a sound financial reporting system is in place to provide accurate, appropriate and timely information to the Management, regulatory authorities and Shareholders in compliance with Sri Lanka Accounting Standards, Regulation of Insurance Industry Act, Companies Act, Listing Rules of CSE and other financial reporting related regulations and requirements.
- Monitoring and review of the adequacy and effectiveness of the Company's internal control system and risk management function.
- Reviewing the Company's compliance with relevant legal and regulatory requirements.
- Exercising independent oversight of the Company's assurance functions including the External and Internal Audits. Ensuring the independence and effectiveness of both the Internal and External Audit functions.
- Assessing the Company's ability to continue as a going concern in the foreseeable future.

The Board Audit Committee is a sub-committee of the Board. The charter is reviewed annually by the Committee to ensure that the charter is updated with the latest developments in the environment.

AUTHORITY OF THE BAC

The Committee is empowered to carry out any investigations it deems necessary and has unrestricted access to records, data, reports and to Management and staff, to obtain relevant information considered necessary in the discharge of duties and responsibilities.

The Committee may seek external professional advice as and when required.

The Chairman and members of the Committee were in regular contact with the Management of the Company through numerous meetings and communications to oversee the auditing and control aspect in various initiatives the Company undertook during the year.

COMPOSITION OF THE COMMITTEE AS AT 31ST DECEMBER 2021

Ms. Manjula Mathews (Chairperson)

*Non-Independent Non-Executive Director
(Retired w.e.f. 30.06.2021)*

Ms. Warini De Costa (Chairperson)

*Independent Non-Executive Director
(Appointed w.e.f. 05.07.2021)*

Mr. Avindra Rodrigo (Member)

Independent Non-Executive Director

Mr. P. Sivagananathan (Member)

Independent Non-Executive Director

MEETINGS OF THE AUDIT COMMITTEE

The Committee met seven times during the year under review.

The attendance at these meetings was as follows;

Ms. Manjula Mathews (Chairperson)	5/5
Ms. Warini De Costa (Chairperson)	2/2
Mr. Avindra Rodrigo (Member)	6/7
Mr. P. Sivagananathan (Member)	7/7

Director/Chief Executive Officer and Chief Financial Officer were present by invitation at all formal meetings. In addition, the Senior Management personnels were invited as and when required, to attend meetings.

Secretary to the BAC

Janashakthi Corporate Services Limited.

Key focus areas during the financial year were as follows:

1. Financial Reporting

Reviewed the Company's financial reporting process to ensure Financial Statements are prepared in compliance with relevant laws and regulations and reflect a true and fair view of the financial position and performance of the Company.

Reviewed and recommended to the Board for approval, the Annual and Quarterly Financial Statements, prior to their release, taking the following areas into account in particular:

- i. Changes in accounting policies and practices, if any.
- ii. New developments in Accounting Standards.
- iii. Adequacy of the internal control system and the financial reporting system.

- iv. Significant adjustments arising from the External Audit.
- v. Accuracy and the quality of the financial information.
- vi. Reasonableness of the significant judgements made.
- vii. Quality of the accounting principles.
- viii. The validity of the going concern assumption.
- ix. Disclosure requirements and other reporting requirements such as the Companies Act, No. 07 of 2007, Listing Rules and the Regulation of Insurance Industry Act, No. 43 of 2000 etc.

NEW ACCOUNTING STANDARDS

SLFRS 9 - Financial Instruments

In December 2014, CA Sri Lanka issued the final version of SLFRS 9: Financial Instruments Classification and Measurement which replaces, LKAS 39: Financial Instruments Recognition and Measurement. SLFRS 9 is effective for annual reporting periods beginning on or after 1st January 2018. Company intends to implement SLFRS 9 together with the implementation of SLFRS 17.

SLFRS 17 - Insurance Contracts

SLFRS 17 issued by the Institute of Chartered Accountants of Sri Lanka will come into effect in the near future. SLFRS 17 will supersede SLFRS 4: Insurance Contracts. The objective of the standard is to provide a clear guideline on recognition, measurement and disclosure of an insurance contract. It also enhances the comparability and the quality of the information. Currently, the GAP analysis has been completed and the Company is in the process of the system implementation. Messrs' Ernst & Young acts as the consultant for the aforesaid.

IFRIC 23 - Uncertainty over Income Tax

The Committee reviewed the income tax treatments to determine whether IFRIC 23 can have a significant impact on the financials. Committee also evaluated the existing accounting policy on the uncertainty over Income Tax to be consistent with the IFRIC 23 requirements.

2. Internal Controls and Risk Management

Continued to assess the adequacy and effectiveness of the internal control system to satisfy that adequate controls and procedures are in place to provide reasonable assurance to the effect that the Company's assets are safeguarded.

Reviewed the organisational risks presented by the Management illustrating the foreseeable risks the Company faces, likelihood and possible impact to the business and action taken to mitigate such risks.

During the year, the Internal Audit Reports received by the Committee together with Management responses were reviewed and discussed with the Management and the Internal Auditors. The Committee ensured that

the recommendations of the Internal Auditors have been followed up and appropriate remedial action initiated.

The Audit Management Letter of the External Auditors on the audit of the Company together with actions taken by the Management in response to the issues raised were discussed with the Management and the Auditors and remedial action recommended wherever necessary.

Reviewed any other reports as may be submitted by the Management or such statements as the Committee may have called for as part of its deliberations.

3. Meetings with External Auditors

Meetings were arranged with the Engagement Partner and Senior Officers of the External Auditors, Messrs' Ernst & Young prior to commencement of Audit, prior to finalization of the Audit and on completion of the audit to discuss and review matters raised in the Management Letter and any other matters as the Auditors may wish to discuss with the Committee, including any issues or restrictions that may have been faced with the Management.

The Committee meets with the Management and the Independent Auditors to discuss significant financial reporting issues and judgments made in connection with the preparation of the Company's Financial Statements. This included significant changes in the Company's selection or application of accounting principles. Major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of identified material control deficiencies and the adequacy of disclosures about changes in internal controls over financial reporting were also discussed.

The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

4. Internal Audit Function

Janashakthi Group Internal Audit Department serves as the Internal Auditors of the Company.

The Committee reviewed and approved the proposed audit plans for the year.

The main focus of the Internal Audit was to provide independent assurance on the overall system of internal controls, risk management and governance, by evaluating the adequacy and effectiveness of internal controls and compliance with laws and regulations and established policies and procedures of the Company.

The Committee discussed with the Internal Auditors the significant matters arising from the Quarterly Internal Audit Reports to the Management, together with the Management's responses thereto and remedial action taken.

Report of the Board Audit Committee (BAC)

5. Risk and Controls

The Committee frequently engages in monitoring and evaluating the possible risks which will occur in the future and effectiveness of the internal control environment of the Company in addressing the same. The assessment is done through discussions and assessment of reports submitted by the Management and Internal/External Auditors.

The following areas were considered in evaluating the effectiveness of the internal control environment of the Company.

- The Internal Audit Reports which were furnished by the Internal/External Auditors and the responses of the Management.
- The process of risk rating and the processes and controls suggested to manage residual risk.

6. Fraud Risk

The Committee ensured that required controls were in place in mitigating fraud risk of the Company. Risk and Compliance Department and the Internal/External Auditors continuously review the processes to identify and mitigate the risk of fraud in the Company. During the year under review, there were no major fraudulent activities reported.

7. IT Control Assessment

The Committee reviewed the Internal and External Audit Reports which were furnished by the Internal and External Auditors. The process of addressing the issues mentioned in the reports were periodically monitored by the Committee.

8. Compliance Responsibilities

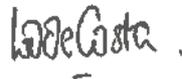
The Committee reviewed the Compliance Statement tabled at meetings which confirmed that the Company's affairs are in compliance with the requirements of the following statutes.

- Disclosure requirements and other applicable accounting and financial reporting requirements such as the Companies Act No. 7 of 2007 and the Regulation of Insurance Industry Act No. 43 of 2000 and the Regulation of Insurance Industry (RII) (amendment) Act No. 03 of 2011.

- Corporate Governance Rules as per Section 7.10 of the Listing Rules and amendments thereto, of the Colombo Stock Exchange (CSE) and Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL).

CONCLUSION

The Committee is satisfied that internal controls have been operating as designed and the Company's assets have been adequately safeguarded during the period under review. The Committee is also satisfied that the Company's Internal and External Auditors have been effective and independent throughout the period. The Committee believes that the Company's accounting policies are appropriate and have been applied accurately.



Warini De Costa
Chairperson,
Board Audit Committee

31 March 2022

Report of the Human Resource and Remuneration Committee

CHARTER OF THE COMMITTEE

The Committee is vested with power to evaluate, assess, decide and recommend to the Board of Directors, on any matter that may influence the Human Resource Management of the entity and shall particularly incorporate.

The key Objectives, Responsibilities and duties of the Committee:

- Determining the remuneration of the Chairman, Deputy Chairman, Chief Executive Officer and other members of the Board of Directors of the Company, while ensuring that no Director is involved in setting his or her own compensation.
- Determining the compensation and benefits of the KMP and establishing performance parameters in setting their individual goals and targets.
- Formulate guidelines, policies and parameters for the remuneration structures for all Executive Staff of the entity and oversee the implementation thereof.
- Review information related to executive pay from time to time, to ensure same is in par with the market/ industry rates or as per the strategy of the Company.
- Evaluate the performance of the Chief Executive Officer and KMP against the pre-agreed targets and goals.
- Make recommendations to the Board of Directors from time to time, of the additional/new expertise required by the Company.
- Assess and recommend to the Board of Directors, of the promotions of KMPs and address succession planning and issues connected to the organisational structure.
- Approving annual increments, bonuses, changes in prerequisites and incentives.
- Making sure that the remuneration packages of employees are linked to individual performance, responsibility, expertise and contribution to team and overall Company objectives.

ACTIVITIES IN 2021

- Based on the succession plan, the Committee interviewed suitable candidates to fill the vacancies in the Corporate Management and such recommendations from the Committee were accordingly approved by the Board. In all promotions to the Corporate Management grade, the Committee applied previously approved leadership competency framework to judge the suitability of the candidates.
- Following the approval of the new strategic plan in 2021, the Committee reviewed and approved the plan to increase the sales force of the organisation significantly.

- Bonus payable for 2021 performance was determined by the Committee according to the Variable Pay Plan (VPP) for Executive staff.
- The Committee also approved the annual increments to the Executive staff based on their performance during 2021.
- The Committee reviewed the performance of the Corporate Management members (KMPs) including that of the Executive Director and the Chief Executive Officer's for the financial year ended 2021.
- Key Performance Indicators of the Corporate Management members for 2022 were carefully examined and assessed by the Committee.

POLICY

The Remuneration Policy of the Company aims to attract, motivate and retain Executive Directors, KMP and other employees with appropriate professional, managerial and operational expertise necessary to achieve the Company's objectives.

It is the Committee's aim to ensure that the total remuneration package is competitive not just in the industry but to attract from other industries.

REMUNERATION PACKAGE OF DIRECTORS

a) Remuneration of Directors

No remuneration is paid to Non - Executive Directors other than the Directors' fees paid based on their participation at Board meetings and other Sub-committee meetings.

b) Retirement Benefits

Non-Executive Directors are not entitled to retirement benefits.

c) Share Option Plans for Directors

The Company does not have a share option plan for Directors.

d) Personal Loans for Directors

No Director is entitled to Company loans.

Total fees and remuneration paid to all Directors are disclosed on Note 31 on page 180 in this report.

REMUNERATION PACKAGE OF CHIEF EXECUTIVE OFFICER

The Remuneration Committee Policy is to place the basic salaries broadly around the market median with other variable components which reflect the business of the Company, strategies and the challenges it faces.

The CEO's remuneration is decided by the Board annually on the recommendation of the Remuneration Committee based on the achievement of Company objectives and individual performance. The CEO is entitled to retirement benefits but not Company loans. The Company also does not have a share option plan for the CEO.

Report of the Human Resource and Remuneration Committee

REMUNERATION PACKAGE OF EMPLOYEES

The remuneration package of employees consists of a fixed component, variable component and other benefits as noted below:

a) Fixed Components

Basic salary and Travelling Allowance are the fixed component in the package which is based on the scope and complexity of the role and is reviewed annually. Annual performance appraisals are conducted and increments and promotions are granted purely based on results of such appraisals. Overall competence and performance are key factors that determine an individual's base pay.

b) Variable Components

The main component of our variable pay is the annual bonus to employees at all levels based on individual performance as evaluated at the annual performance appraisals and the performance of the Company. In addition, the distribution management team is entitled for a production and quality incentive scheme based on achievement of business targets under predetermined criteria.

c) Other Employee Benefits

Benefits provided to employees include examination loans and various insurance benefits.

d) Retirement Benefits

Permanent employees of the Company are entitled to gratuity, EPF and ETF.

e) Employee Share Schemes

There are also no Employee Share Schemes for employees.

COMMITTEE EVALUATION

The Committee completed the evaluation process with self-assessment in 2021, which was conducted by the Chairman and Committee members and was deemed to be satisfactory.

PROFESSIONAL ADVICE

The Committee has the authority to engage independent professional advisors on matters within its purview.

THE YEAR AHEAD

The Committee will continue to review the Remuneration Policy, Remuneration structures for its Executive Director, KMP and its other employees and make recommendations on the above mentioned in order to ensure the Company is in a position to attract, motivate and retain the best of human resources.

The Committee is also working on a plan to harmonise salary scales and introduce career bands. A survey on salary bands will be conducted and a new bonus scheme is also being looked at to be implemented from 2023 onwards.

COMPOSITION OF THE COMMITTEE AND ATTENDANCE

The Human Resource and Remuneration Committee ("the Committee") appointed by Board of Directors consists of the following Directors as at 31 December 2021, whose profiles are given on pages 20-23.

Mr. P. Sivagananathan (Chairman)
Independent Non-Executive Director

Ms. Annika Senanayake (Member)
Independent Non-Executive Director (appointed w.e.f. 05.07.2021)

Mr. Dinesh Schaffter (Member)
Non-Independent Non-Executive Director (appointed w.e.f. 05.07.2021)

MEETINGS

The Committee met once in 2021.

ATTENDANCE

Mr. P. Sivagananathan	1/1
Ms. Annika Senanayake	1/1
Mr. Dinesh Schaffter	1/1

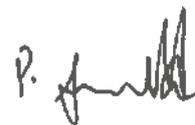
ATTENDEES BY INVITATION

Deputy Chairman and Chief Executive Officer attended the meetings by invitation except where matters associated with their own remuneration was considered.

SECRETARY TO THE COMMITTEE

Janashakthi Corporate Services Limited serves as the Secretary to the Human Resource and Remuneration Committee.

On behalf of the Remuneration Committee.



P. Sivagananathan
Chairman,
Remuneration Committee

31 March 2022

Report of the Board Nomination Committee

The Nomination Committee's principal role is to proactively manage the composition of the Board. It is also charged with oversight of succession plans for the Chief Executive Officer. The Committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take relevant decisions, define and establish the nomination process for Non-Executive Directors (NEDs), lead the process of Board appointments and make recommendations to the Board on the appointment of Non-Executive Directors. The Committee focuses on the following objectives in discharging its responsibilities:

- Review the composition of the Board and ensure that there is a good balance between Executive and Non-Executive Directors.
- Assess the skills and knowledge required in the Board for the Board to discharge its duties effectively and strategically.
- Periodically assess the extent to which the required skills are represented at the Board.
- Prepare a clear description of the role and capabilities required for appointments.
- Identify and recommend suitable candidates for appointments to the Board.
- Ensure, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment specifying clearly the expectations in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others.
- Ensure that every appointee undergoes an induction to the Group.
- Ensure that the appointment of the Chairperson and the Executive Directors is a collective decision by the Board.
- Self-assessment of the Nomination Committee and its members.

COMPOSITION OF THE COMMITTEE

The Committee comprised of the following Directors as at 31 December 2021:

Mr. Eardley Perera - Chairman (retired w.e.f. 30.06.2021)
Independent Non-Executive Director

Late Mr. Anil Tittawella - Chairman (appointed to the Committee on 11th August 2021)
Independent Non-Executive Chairman

Mr. Prakash Schaffter - Member
Executive Deputy Chairman

Mr. Ramesh Schaffter - Member (resigned w.e.f. 11.08.2021)
Executive Director

Mr. Piranavan Sivagananathan - Member
(appointed to the Committee on 05th July 2021)

Independent Non-Executive Director

MEETINGS

The Committee met four times during the year 2021.

ATTENDANCE

Mr. Eardley Perera	3/3
Late Mr. Anil Tittawella	N/A
Mr. Prakash Schaffter	4/4
Mr. Ramesh Schaffter	3/4
Mr. Piranavan Sivagananathan	1/1

ATTENDEES BY INVITATION

Mr. C. T. A Schaffter attended the meetings by invitation.

SECRETARY TO THE COMMITTEE

Janashakthi Corporate Services Limited serves as the Secretary to the Nomination Committee.

PROFESSIONAL ADVICE

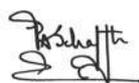
The Committee has the authority to seek external professional advice on matters within its purview whenever required.

THE YEAR AHEAD

The Committee will continue to review the skills and knowledge required by the Board, minimise key man dependency risk and identify and groom suitable candidates to key positions of the organisation. The committee will also ensure that the Company is in compliance with its stipulated framework and is in compliance with the regulations issued by the Colombo Stock Exchange (CSE) on Board composition.

CONCLUSION

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board ensuring diversity and balance of skills, knowledge and experience. The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company's current needs at Board level.



Prakash Schaffter
Member

(On behalf of Late Chairman Mr. Anil Tittawella)
Nomination Committee

31 March 2022

Report of the Related Party Transaction Review Committee

The Board Related Party Transaction Review Committee of the Company is appointed and responsible to the Board of Directors. The Committee was established in August 2015 in accordance with the code of best practice on Related Party Transactions issued by the Securities and Exchange Commission (SEC) of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

OBJECTIVE

To exercise oversight on behalf of the Board in complying with the Code on Related Party Transactions (RPTs) issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and with the listing rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by CA Sri Lanka and the CSE.

RELATED PARTY TRANSACTION REVIEW COMMITTEE CHARTER

The committee is established by the board of Directors to review all related party transactions carried out by the Company in terms of CSE listing rules that required mandatory compliance from 1st January 2016.

Accordingly, all transactions with related parties (except exempt transactions) are reviewed by the Related Party Transactions Review Committee prior to entering to the transaction or if the transaction is communicated to be on conditional on such review, prior to the completion of the transaction.

The Related Party Transaction Review Committee charter is approved by the Board and shall be reviewed and reassessed by the committee periodically. Any proposed changes shall be submitted to the Board of Directors for approval.

AUTHORITY AND RESPONSIBILITIES

The Committee reviews all related party transactions and submits to the Board of Directors the details of all relevant transactions which it feels need to be considered by the Board and a decision taken on whether or not such transaction needs to be communicated to the Colombo Stock Exchange (CSE).

STATEMENT OF PURPOSE

The purpose of the Committee is primarily to carry out the following;

- To identify, consider and evaluate in the first instance all transactions between Related Parties and the Company and identify all such transactions that would be exempted under section 9.5 of the Listing Rules of the Colombo Stock Exchange (CSE).

- Review and identify all transactions with Related Parties that do not fall under the exemptions referred to in the previous paragraph for recommendation to the Board of Directors. Such review should take place either prior to the transaction being executed or prior to the completion of the transaction in accordance with the listing rules of the Colombo Stock Exchange (CSE) and other applicable regulatory guidelines.

TOWARDS ACHIEVING THE ABOVE, THE COMMITTEE SHALL

- Put in place and adopted a robust framework for approving, managing and reporting related party transactions.
- Obtain any information that the Committee needs from the Management to arrive at its decision with regard to any Related Party Transaction. To this purpose, the Committee invites members of Management to RPT meetings as and when further clarifications of the matters are required.
- Determine whether a Related Party Transaction would result in a conflict of interest by any Director or Executive Officer of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or related party, the direct or indirect nature of the Director's, Officer's or other related party's interest in the transaction and the ongoing nature of any proposed relationship.

WORK PERFORMED IN 2021

During the year, related party transactions were reviewed by the Committee and there was no transaction which exceeds the stipulated limits which mentioned in the listing rules of the Colombo Stock Exchange (CSE).

The existing related party policy was carried out during the year and Committee did not proposed any amendments to the existing policy.

COMPLIANCE RESPONSIBILITIES

The Related Party Transaction Review Committee shall ensure that the interest of the shareholders as a whole, are taken in to account by the Company when entering in to a related party transactions and to ensure strict compliance with the rules and regulations governing related party transactions.

MEETINGS OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The activities and reviews of the Committee have been communicated to the Board of Directors, through the tabling of minutes of the Committee meetings at the next meeting of the Board of Directors, unless more urgent action is required.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

COMPOSITION OF THE COMMITTEE

The Committee comprised the following Directors as at 31st December 2021:

Mr. Avindra Rodrigo (Chairperson)
Independent Non-Executive Director

Ms. Manjula Mathews (Member)
Non-Independent Non-Executive Director
(retired w.e.f. 30.06.2021)

Ms. Warini De Costa (Member)
Independent Non-Executive Director
(appointed w.e.f. 05.07.2021)

Mr. R. N. Liyanage
Non-Independent Executive Director (appointed w.e.f.
05.07.2021)

MEETINGS

The Committee met four times in 2021.

ATTENDANCE

Mr. Avindra Rodrigo	4/4
Ms. Manjula Mathews	2/4
Ms. Warini De Costa	2/4
Mr. R. N. Liyanage	2/4

SECRETARY TO THE COMMITTEE

Janashakthi Corporate Services Limited serves as the Secretary to the Related Party Transaction Review Committee.

CONCLUSION

During the year under review, the Company has complied with the Related Party Transactions rules set out in Section 9 of the Colombo Stock Exchange (CSE) listing rules. Related Party Transactions by the Board of Directors are included on pages 184-185 of this Annual Report.

THE YEAR AHEAD

The Committee will continue to review RPTs in order to ensure the Company is in compliance with its stipulated framework governing related party transactions and to develop a new related party transaction policy to Janashakthi Insurance PLC.



Avindra Rodrigo
Chairperson,
Related Party Transactions Review Committee

31 March 2022

Board of Director's Statement on Internal Controls

The following statement fulfils the requirement to publish the Directors' statement on Internal Controls as per the Code of Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC).

The Board of Directors of Janashakthi Insurance PLC confirms that to the best of their knowledge, the financial reporting and other operational systems have been designed to provide reasonable assurance relating to the reliability of the financial reporting and the preparation of Financial Statements. The Board also confirms that the preparation of financial statements has been done in accordance with relevant accounting principles and regulatory requirements. The Board has obtained these assurances inter-alia through the following:

- a) Review of the quarterly reports submitted by the Company's own internal audit department and discussion of the audit findings that are presented by them, based on the organisation wide view of accounting procedures and practices, processes, systems and internal check and controls and discussions with different levels of Management.
- b) System of regular ongoing self-assessments by all divisional heads and their line managers for confirmation of statutory and regulatory requirements.
- c) The Board through the Board Audit Committee reviews the reports of Branch audits carried out by the Company's own internal audit and investigations unit, to review financial risks and internal control adherence relating to branch operations.

The Board is cognizant of the fact that the Board bears responsibility for the overall effective operation of the Company's procedures and processes of internal checks and internal controls. It needs to be stressed that while the Board appreciates fully, that all such systems are designed to manage and control and ensure orderly operations, these systems do not eliminate risk of fraud or losses or failure to achieve stated company procedures and objectives. The Board stresses that all systems of internal control and procedures of the Company can only provide reasonable and not absolute assurances against material misstatements or fraud or losses. The Board has obtained the assurance of risk management within the organisation partly through the Assets and Liabilities Management Committee (ALCo) and partly through the procedures and practices in place within underwriting and operations departments of the Company and through the risk management function.

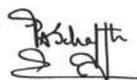
CONCLUSION

The Board confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and Financial Statements have been prepared in accordance with applicable accounting standards, requirements of the Companies Act No.7 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments and the listing rules of the Colombo Stock Exchange (CSE).

On behalf of the Board;



Warini De Costa
Chairperson,
Board Audit Committee



Prakash Schaffter
Deputy Chairman

31 March 2022

A Drive to Succeed

FINANCIAL STATEMENTS

116	Financial Calendar	118	Annual Report of the Board of Directors on the Affairs of the Company		
123	Actuarial Report - Janashakthi Insurance PLC	124	Actuarial Report - Former National Insurance Corporation Ltd		
125	Statement of Directors' Responsibility on Financial Reporting				
126	Chief Executive Officer's and Chief Financial Officer's Responsibility Statement				
128	Independent Auditors' Report	132	Statement of Financial Position	133	Income Statement
134	Statement of Other Comprehensive Income		135	Statement of Changes in Equity	
136	Statement of Cash Flows		137	Notes to the Statement of Cash Flows	
138	Statement of Financial Position - Supplemental (Life Insurance Fund of The Former National Insurance Corporation Ltd)				
139	Underwriting Results - Supplemental				
140	Notes to the Financial Statements		189	Risk Management	

Financial Calendar

DIVIDEND

	2021 Achievement On	2022 Target Date
Final dividend for the previous year paid/payable	Rs. 2.00 per share	May 2021
Final dividend for the year to be paid	Rs. 2.30 per share	May 2022

ANNUAL REPORT AND ANNUAL GENERAL MEETING (AGM)

	2021 Achievement On	2022 Target Date
Annual Report and Accounts for the year to be signed	31st March 2022	March 2023
Annual General Meeting for the year to be held	29th April 2022	April 2023

INTERIM FINANCIAL STATEMENTS SUBMISSION TO THE COLOMBO STOCK EXCHANGE (CSE)

	2021 Achievement On	2022 Target Date
1st Quarter (ended 31st March)	10th June 2021	On or before 15th May 2022
2nd Quarter (ended 30th June)	14th August 2021	On or before 15th August 2022
3rd Quarter (ended 30th September)	17th November 2021	On or before 15th November 2022
4th Quarter (ended 31st December)	02nd March 2022	On or before 15th February 2023

INTERIM FINANCIAL STATEMENTS PUBLICATION IN THE NEWSPAPERS

	2021 Achievement On	2022 Target Date
1st Quarter (ended 31st March)	June 2021	In June 2022
2nd Quarter (ended 30th June)	September 2021	In September 2022
3rd Quarter (ended 30th September)	December 2021	In December 2022
4th Quarter (ended 31st December)	March 2022	In March 2023

STATEMENT OF VALUE CREATION

Key Performance Indicators	Units	Year		Change
		2021	2020	
Financial Capital				
Financial Performance				
GWP	Rs. Mn.	5,461	3,820	+1641
Investment Income	Rs. Mn.	1,919	2,598	-679
Profit After Tax	Rs. Mn.	876	759	+117
Fund Under Management	Rs. Mn.	21,545	20,396	+2170
Market Capitalization	Rs. Mn.	6,954	6,795	+159
Returns to Investors				
Shareholders' Fund	Rs. Mn.	10,545	10,067	+478
Return on Equity	%	8	8	+0
Earnings Per Share	Rs.	3.87	3.35	+1
Net asset value per share	Rs.	46.55	44.44	+2
Dividend Per Share	Rs.	2.30	2.00	+0
Market price per share	Rs.	30.7	30.00	+1
P/E Ratio	Times	3.83	8.95	-5
Human Capital				
Number of Employees		468	339	+129
GWP per Employee	Rs. Mn.	11.67	11.27	+0
Profit per Employee	Rs. Mn.	1.87	2.24	-0
Training hours per Employee	Hours	15.33	12.1	+3
Employee Turnover	%	18%	17.1	-17
Social and Relationship Capital				
Business Partners				
Commissions Paid	Rs. Mn.	1324	390	+934
Acquisition Cost as a % of GWP	%	24.00	17.8	14
Customers				
Claims and Benefits	Rs. Mn.	2,134	1,758	+376
Bonus for policyholders	Rs. Mn.	84	74	+10
Manufactured Capital				
Capital Expenditure	Rs. Mn.	55.6	124	-68
Number of Branches	Number	75	75	-
Natural Capital				
Electricity Consumption	Units	578,000	594,035	-16035
Fuel Consumption	Litres	3,478	4,101	-623

Annual Report of the Board of Directors on the Affairs of the Company

GENERAL

The Board of Directors take pleasure in presenting its Report together with the audited Consolidated Financial Statements of Janashakthi Insurance PLC, a public limited liability Company incorporated in Sri Lanka on 28 August 1992 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No.7 of 2007.

The Company was listed on the 21st of July 2008. The information provided below meets the requirements of the Companies Act No.7 of 2007 and the Listing rules of the Colombo Stock Exchange (CSE) and are in keeping with recommended best practice.

PRINCIPAL ACTIVITIES

The principal activity of the Company since 1st January 2015 is exclusively life insurance and this has remained unchanged during the financial year under review.

MISSION AND VISION

The Company's vision and mission are provided on page 3. This has been approved by the Board of Directors of the Company and the Directors ensure that the business activities of the Company are conducted with the highest level of ethical standards in achieving its corporate purposes.

REVIEW OF BUSINESS

A review of the Company's performance during the year with an analysis of financial results and future developments is included in the Deputy Chairman's Review (Pages 10-13) and Chief Executive Officer's Review (Pages 14-18) and in the Management Discussion and Analysis (Pages 72-105). These reports provide information on the strategic imperatives of the company and a summary of performance in 2021. These reports and the Financial Statements reflect the state of the affairs of the Company and form an integral part of this report.

FINANCIAL STATEMENTS AND AUDITORS REPORT

The Financial Statements of the Company are prepared in conformity with the Sri Lanka Accounting Standards LKAS / SLFRS laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL), Companies Act No. 07 of 2007 and comply with the Regulations of the Insurance Industry Act No 43 of 2000 and other rules and regulations of the Insurance Regulatory Commission of Sri Lanka (IRC SL). The formats and disclosures are also in accordance with the Statement of Recommended Practices (SORP) for insurance contracts, adopted by the Institute of Chartered Accountants of Sri Lanka (ICASL).

The Financial Statements of the Company for the year ended 31st December 2021 together with the Report of the Auditors are given on pages 128-188, which form an integral part of the Annual Report of the Board.

ACCOUNTING POLICIES

Details of Accounting Policies are discussed in pages 140-188 in the Financial Statements. There were no material changes in the accounting policies adopted in the current year with those of the previous year.

FUTURE DEVELOPMENTS

An overview of the future developments of the Company is presented in the Chairman's Review (Pages 10-13) and Chief Executive Officer's Review (Pages 14-18).

TURNOVER / GROSS WRITTEN PREMIUM

The Table below depicts the Company's main lines of business and their respective growth for the year 2021. Further details of Financial Performance are shown in the Financial Statements on pages 132-188.

As at 31st December	2021 LKR'000	2020 LKR'000	Growth %
Life Insurance			
FYP	3,385,807	1,917,029	77%
Renewal	2,075,085	1,902,788	9%
	5,460,892	3,819,817	43%

INSURANCE LIABILITY - LIFE

The appointed Actuary determines the Life Insurance liability of the Company. The value of the Life Insurance Fund of Janashakthi Insurance PLC (JIPLC) as at 31st December 2021 is LKR 13.5 billion (2020: LKR 12.6 billion)

In accordance with the Actuary's valuation report for Janashakthi Insurance PLC, a sum of LKR 460 million surplus (2020 - LKR 225 million) has been transferred from the Life Insurance Fund to the Income Statement of Shareholders.

RESULTS

The Company's Net Profit after Tax before Appropriation was at LKR 876 million for the year 2021 compared with LKR 759 million for the year 2020.

Description	2021	2020
	LKR '000	LKR '000
Profit Earned Before Interest	1,214,082	1,059,210
Interest	(34,744)	(38,299)
Profit Before Tax	1,179,338	1,020,911
Provision for Income Tax	(303,164)	(261,585)
Profit After Tax	876,173	759,325
Unappropriated Profit Bought Forward from Previous Year	3,614,524	2,855,199
Amount Available for Appropriation	5,833,472	5,410,353
Restricted Regulatory Reserve – One Off Surplus	(1,795,829)	(1,795,829)
Unappropriated Profit Carried Forward	4,037,643	3,614,524

ACTUARY'S REPORT

This Annual Report includes reports from the Life Actuary of Janashakthi Insurance PLC. The Actuary has expressed satisfaction with the progress achieved by the Company to-date and of the performance of the Company during the year under review.

Actuarial Reports are provided on pages 123-124.

TAXATION

The tax position of the Company is disclosed in Note 32 to the Financial Statements on page 180-182. The tax calculation method of Life Insurance business changed with the enactment of the New Inland Revenue Act, No. 24 of 2017, which came in to effect on 1st April 2018. As per the new Inland Revenue Act, the Company will have taxable profits from 1st April 2018 since the tax method changed to Surplus basis from I-E basis where the Company was incurring tax losses under the previous Inland Revenue Act which accumulated tax losses of LKR. 5.2 Billion as at 31st December 2017 according to the final returns submitted to the Inland Revenue. Accordingly, the Company recognised a Differed Tax Asset for the brought forward tax losses as of 31st December 2017. Company have recognized Deferred Tax Assets to the probable extent of future taxable profits. Accordingly, the company has recognised a Deferred Tax Asset of LKR. 656 million. Current year it has generated income tax expense amounting to LKR 303 million which has been netted off with the recorded brought forward tax losses.

RISK BASED CAPITAL REQUIREMENT (RBC)

The Company have complied with the requirements of the Risk Based Capital (RBC) framework on solvency margin as required by the IRCSL. Total Available Capital (TAC) and Risk based Capital Adequacy Ratio (CAR) of the company were maintained in excess of the minimum requirements as

prescribed by the IRCSL throughout the year. Details on RBC of the Company is given in page 202 of the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The book value of Property, Plant and Equipment of the Company stood at LKR. 258 million as at the reporting date. Further details and its movement during the year are given in Note 8 (Pages 160-163) to the Financial Statements.

INTANGIBLE ASSETS

The capital expenditure on acquisition of Intangible Assets during the year amounted to LKR 3.6 million. The details of intangible assets are shown in Note 7 to the Financial Statements on pages 158-159.

CARRYING VALUE OF FREEHOLD PROPERTIES

The Carrying Value of freehold property is explained in the note 5.1 to the Financial Statements. (Page 156).

FINANCIAL INVESTMENTS

Investments of the Company amounted to LKR 21.5 billion. Detailed description of the Investments held as at the reporting date are given in Note 4 to the Financial Statements (Pages 146-154).

DEBT RATIOS

The Company has not had any debt capital during the year under review.

MARKET INDICATORS

	2021	2020
Earnings Per Share (LKR) (Continuing operations)	3.87	3.35
Net Asset Value Per Share (LKR)	46.55	44.44
Market Values Per Share (LKR)		
Highest Price	32.00	34.60
Lowest Price	23.40	19.10
Year End Price	30.70	30.00

RESERVES AND STATED CAPITAL

The movement in reserves during the year is set out in Note 14 to 16 (Pages 166-168) to the Financial Statements.

The stated capital for the Company as at 31st December 2021 was LKR 4.85 billion (2020-LKR 4.85 billion) which comprises 0.23 billion Ordinary Shares.

Annual Report of the Board of Directors on the Affairs of the Company

SHAREHOLDERS' FUND

The Stated Capital and Reserves amounted to LKR 10.54 billion as at 31st December 2021. (LKR 10.07 billion as at 2020), details of which are provided in Notes 14 to 16 (Pages 164-166) to the Financial Statements.

CORPORATE GOVERNANCE

The Board of Directors is committed towards maintaining an effective Corporate Governance structure and process. The Company's operations are directed and controlled within the Corporate Governance framework outlined on pages 36-62.

HUMAN RESOURCES

The Company's Human Resource policy is driven to reach its corporate goals and objectives by inculcating a strong value system and ethics in our employees. The Company is focused on developing employee abilities in optimizing and sustaining long term results. More details on our Human Resources are contained in pages 82-89.

ENVIRONMENT

The Company has not engaged in any activity that is harmful to the environment.

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per share is available under Shareholder Information on pages 203-204 and Information on share trading is given on pages 203-204 of this report.

SHAREHOLDINGS

There were 4,736 (2020 - 4,999) registered shareholders holding ordinary voting shares as at 31st December 2021. The distribution of shareholding is given on pages 204-205 of this report.

SUBSTANTIAL SHAREHOLDINGS

The list of top twenty shareholders is given on pages 206-207 of this report.

RELATED PARTY TRANSACTIONS

The Company is in compliance with section 9.3.2. of CSE rules and has disclosed the required related party information in Note 35 pages 184-185.

AUDITORS REPORT

The Financial Statements for the year ended 31st December 2021 have been audited by Messrs Ernst & Young. The Auditor's report on the Financial Statements are on pages 128-131 of this Report

AUDITORS

The accounts for the year have been audited by Messrs. Ernst & Young, Chartered Accountants who are recommended for reappointment at the forthcoming Annual General Meeting. A sum of LKR 2.09 million has been provided as audit fees for the year under review.

Annexure 1	2021	2020
	LKR '000	LKR '000
Auditors Remuneration (Fees and Expenses)		
Audit	2,090	1,900
Non-Audit	-	970
	2,090	2,870

INDEPENDENCE OF AUDITORS

Based on the declaration from Messrs. Ernst & Young, Chartered Accountants and as far as the Directors are aware, the auditors do not have any relationship or interest in the Company other than those disclosed in this Report.

DIRECTORS' INTEREST REGISTER

In terms of the Companies Act No. 7 of 2007 an Interests Register is maintained. The particulars of the entries entered into the Interests Register during the accounting period under review are given below.

a) Directors' interest in contracts with the Company

Directors' interests in contracts of the Company, both direct and indirect interests have been included in Note 35 (Pages 184-185) under the Related Party disclosures to the Financial Statements.

b) Details of the remuneration and fees paid to the Directors are set out in page 180 of the note 31 to the Financial Statements.

c) Indemnity provided to Directors and Officers of the Company.

Terms of the Policy Cover

Limit of Liability	LKR 25,000,000
Gross Premium	LKR 271,530
Period of Insurance	1st January 2021 - December 31st 2021

DIRECTORATE

As at 31st December 2021, the Board of Directors of Janashakthi Insurance PLC, consisted of ten Directors whose profiles are presented in pages 20-23 of the Annual Report.

The Names of the Directors of the Company who held the office during the year and as at the end of 2021, as required by the Section 168 (1) (h) of the Companies Act No. 07 of 2007, are given below:

Late Mr. A. T. B. Tittawella (Chairman) - (Appointed w.e.f 11th August 2021)

Mr. Prakash Schaffter (Deputy Chairman)

Mr. J. A. G. Rodrigo

Mr. P. Sivagananathan

Mr. W. D. P. De Mel

Ms. A. H. W. Senanayake (Appointed w.e.f 5th July 2021)

Mr. D. P. M. De. S. Jayawardena (Appointed w.e.f 5th July 2021)

Mr. D. Schaffter (Appointed w.e.f 5th July 2021)

Ms. W. D. De Costa (Appointed w.e.f 5th July 2021)

Mr. R. N. Liyanage (Appointed w.e.f 5th July 2021)

Mr. Ramesh Schaffter (Resigned from 11th Aug 2021)

Ms. Manjula Mathews (Retired from 30th June 2021)

Mr. Eardley Perera (Retired from 30th June 2021)

Mr. Ramesh Schaffter - Alternative Director for Prakash Schaffter (Appointed w.e.f 11th August 2021)

BOARD COMMITTEES

The Board while assuming responsibility for the management and the smooth running of the company has established sub committees keeping in line with the Corporate Governance rules, transparency and accountability, the Board has appointed the required Board Committees. Following Board Committees operated during the year;

- Board Audit Committee
- The Human Resource and Remuneration Committee
- Nomination Committee
- Related Party Transactions Review Committee

RISK MANAGEMENT AND THE SYSTEM OF INTERNAL CONTROLS

The Company has constituted a comprehensive Risk Management policy for the identification and mitigation of operational and financial risk. A detailed report on the risk management process of the Company is given on pages 30-35 of the Annual Report.

The Internal Controls of the company on the other hand are established to carry on the business of insurance in an orderly and efficient manner, so as to safeguard its assets and ensure the accuracy and reliability of financial records.

Controls over the financial reporting were also reviewed during the year to ensure that the financial reporting process in place is up to date and effective.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and ensuring that the statements are true and fair. The Financial Statements of the Company are prepared in conformity with Sri Lanka Accounting Standards (LKAS) and provide information required by the Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Regulation of Insurance Industry Act No. 43 of 2000 and the Colombo Stock Exchange (CSE) Listing Requirements.

PROVISIONS

The Directors have taken all reasonable steps to ensure adequate provisioning for unearned premiums, unexpired risks and claims, including claims incurred but not reported. The Directors have arranged an external Actuary to value the Life Fund. As at date of the report, the Directors are not aware of any circumstances, which would render as inadequate the amounts provided for in the Financial Statements for the above.

DONATIONS

There were no donations granted during the year under review.

STATUTORY PAYMENTS

The Directors are satisfied to the best of their knowledge and belief that all Statutory Payments to the Government and other Statutory Institutions including employee related payments have been made in time.

Annual Report of the Board of Directors on the Affairs of the Company

COMPLIANCE WITH LAWS AND REGULATIONS

The Company operates in accordance with prevailing laws and regulations. Compliance with provisions in laws and regulations are confirmed to the Board of Directors at Board Meetings. A detailed report on this is available under the Corporate Governance article in pages 36-62 of this report.

OUTSTANDING LITIGATION

In the opinion of the Directors and the Company's lawyers, pending litigation against the Company will not have a material impact on the reported financial results or future operations of the Company.

EVENTS AFTER THE REPORTING DATE

The events after the reporting date are disclosed in Note 39 (Page 188) in financial statements.

GOING CONCERN

The Board of Directors has reviewed the Company's business plan, future prospects, its risk profile and the other requirements such as cash flow and future capital expenditure and is satisfied that the company has adequate resources and the plans to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared based on the going concern concept.

For and on behalf of the Board,



Prakash Schaffter
Deputy Chairman



R.N.Liyanage
Director/CEO



Janashakthi Corporate Services Limited
Company Secretaries

31 March 2022

Actuarial Report - Janashakthi Insurance PLC



K.A. PANDIT

(ISO 9001 : 2015 CERTIFIED)
(ISO 27001 : 2013 CERTIFIED)

Certification under Section 15 of SLFRS 4

I, Chandan Khasnobis, being the Appointed Actuary for Janashakthi Insurance Plc. (Company), certify that, to the best of my knowledge:

1. I have valued each and every policy on the books of the Company for which data was given to me, with respect to long term insurance liabilities as at **31-12-2021**.
2. Detailed data was provided by the Company for the purpose of valuation. I have asked for clarifications from the Company wherever required, for which I have received satisfactory replies for certain queries. For queries which are in the process of being resolved, adequate data provisions have been held towards observed issues/ inconsistencies.
3. I have taken reasonable steps to ensure the completeness and accuracy of data provided by the Company to the best possible extent. The Company has provided a certification confirming the completeness, accuracy, reasonableness and reliability of the data provided for valuation. An additional Certification has been issued by the Company stating the limited nature of data provided for valuation and that the Company takes accountability of data reconciliations.
4. **In my opinion, adequate and proper reserves have been provided for as at 31-12-2021, for all the liabilities in respect of long-term insurance business of the Company. The total liabilities of the Company as at 31-12-2021 is LKR 12,236 million after taking credit for reinsurance.**
5. An amount of LKR 124 million was locked in the Non-Participating fund in the year 2020 and continues to be locked and restricted for distribution to Shareholders. This amount is locked for distribution on account of the surplus arising as at 31-12-2015 due to change in the valuation methodology for the Universal Life product 'Life Saver' as per the IRC SL guidelines.
6. **I have complied with the relevant provisions of the Act, including the provisions of Section 26 and regulations issued by the Insurance Regulatory Commission of Sri Lanka with respect to Solvency Margin.**

The statutory reserves for the Company, as at 31-12-2021, using the Gross Premium Valuation Methodology is LKR 12,236 million. The provision made as per the statutory valuation requirement is adequate to meet liabilities and also satisfies Liability Adequacy Test as at 31-12-2021.

Chandan Khasnobis F.I.A.I. (00097)
Partner
kap@ka-pandit.com

Chandan Khasnobis
Appointed Actuary

Date: 10-03-2022

Janashakthi Insurance Plc.
Actuarial Valuation Report as at 31-12-2021
Regulation of Insurance Act No. 43, 2000 (Sri Lanka)

Actuarial Report - Former National Insurance Corporation Ltd



K.A. PANDIT

(ISO9001 : 2015 CERTIFIED)
(ISO27001 : 2013 CERTIFIED)

Certification under Section 15 of SLFRS 4

I, Chandan Khasnobis, being the Appointed Actuary for National Insurance Corporation Limited (Company), certify that, to the best of my knowledge:

1. I have valued each and every policy on the books of the Company for which data was given to me, with respect to long term insurance liabilities as at 31-12-2021.
2. The detailed data was provided by the Company to be considered for valuation and I have asked for clarifications from the Company wherever required, for which I have received satisfactory replies.
3. I have taken reasonable steps to ensure the completeness and accuracy of data provided by the Company.
4. In my opinion, adequate and proper reserves have been provided for as at 31-12-2021 for all the liabilities in respect of long-term insurance business of the Company. The total liabilities of the Company as at 31-12-2021 are LKR 34.6 million.
5. The participating fund is in a deficit of LKR 292.4 mn.
6. The Capital Adequacy Ratio (CAR) of the Company is 1196% which meets the minimum statutory requirement of 120% in the current year. Further, the Total Available Capital (TAC) does not meet the Minimum Capital Requirement (MCR) of LKR 500,000,000. The NIC portfolio is in the run-off stage and is being managed by Janashakthi Insurance Plc. Both the CAR and the MCR for this Company is being managed by Janashakthi Insurance Plc.
7. I have complied with the relevant provisions of the Act, including the provisions of Section 26 and regulations issued by the Insurance Regulatory Commission of Sri Lanka with respect to Solvency Margin.

The statutory reserves for the Company, as at 31-12-2021, using the Gross Premium Valuation Methodology is LKR 34.6 million. The provision made as per the statutory valuation requirement is adequate to meet the liabilities towards policyholders, and also satisfies Liability Adequacy Test as at 31-12-2021.

Chandan Khasnobis F.I.A.I. (00097)
Partner
kap@ka-pandit.com

Chandan Khasnobis
Appointed Actuary

Date: 03-03-2022

Janashakthi Insurance Plc.
Actuarial Valuation Report as at 31-12-2021
Regulation of Insurance Act No. 43, 2000 (Sri Lanka)

Statement of Directors' Responsibility on Financial Reporting

The responsibility of the Directors in relation to the Financial Statements is set out in the following statement. As per the provisions of the Companies Act No. 7 of 2007 the Directors are required to prepare, for each financial year and place before a general meeting, Financial Statements which comprise of;

- Statement of Profit or Loss and Other Comprehensive Income of the Company which present a true and fair view of the profit or loss of the Company for the financial year; and
- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year; and
- Statement of Changes in Equity; and
- Statement of Cash Flows for the year ended and Notes to the Financial Statements.

The Directors have ensured that, in preparing these Financial Statements;

- the appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained; and
- all applicable accounting standards in accordance with the Sri Lanka Accounting Standards (SLFRSs / LKASs) as relevant have been applied; and
- reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- it provides the information required by and otherwise complies with the Companies Act No. 7 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto and the Listing Rules of the Colombo Stock Exchange (CSE) and requirements of any other regulatory authority as applicable to the Company.

The Directors have also ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues, as were due and payable by the Company, as at the reporting date have been paid or, where relevant provided for, except as detailed in Note 53 to the Financial Statements, relating to contingent liabilities.

By order of the Board



Janashakthi Corporate Services Limited
Company Secretaries

31 March 2022

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements of Janashakthi Insurance PLC as at 31st December 2021 are prepared and presented in compliance with the following;

- Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)
- Requirements of the Companies Act No. 7 of 2007
- The Regulation of Insurance Industry (RII) Act No. 43 of 2000 and subsequent amendments thereto
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995
- Statement of Recommended Practice (SORP) issued by the ICASL
- Listing rules of the Colombo Stock Exchange (CSE)
- Code of best practice on corporate governance issued by the ICASL

Accordingly, the Company has prepared the Financial Statements which comply with SLFRSs / LKASs and related interpretations applicable for the year ended 31st December 2021, together with the comparative data as at and for the year ended 31st December 2020, where required, as described in the accounting policies.

The Accounting Policies used in the preparation of the Financial Statements are appropriate and are consistently applied, unless otherwise stated in the notes accompanying the Financial Statements. There have been no changes in the accounting policies adopted by the Company during the year under review.

Significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our External Auditors and the Board Audit Committee (BAC).

We confirm that to the best of our knowledge, the Financial Statements and other financial information included in this annual report, fairly present in all material respects the financial position, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report. We are responsible for establishing and maintaining internal controls and procedures to be designed under our supervision, and procedures. We have designed such controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us and for safeguarding the Company's assets and preventing and

detecting fraud and error. We have evaluated the effectiveness of the Company's internal controls and procedures and are satisfied that the controls and procedures were effective as of the end of the period covered by this annual report and on an ongoing basis.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and any significant fraud that involves management or other employees.

The Internal audit function of the Company continuously conducts internal audits and reviews to ensure that the internal controls and procedures are consistently followed.

The Financial Statements were audited by Messrs Ernst & Young, Chartered Accountants, the External Auditors.

The BAC pre - approves the audit and non-audit services provided by Messrs. Ernst & Young, in order to ensure that the provision of such services does not impair Ernst & Young's independence. The BAC also reviews the External Audit Plan, the Internal Audit Plan, all Internal Audit reviews and Management Letter, and follows up on any issues raised during the Statutory Audit as well as the Internal Audits. The BAC also meets with the External and Internal Auditors to review the effectiveness of the audits.

We confirm that the Company has complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the Company other than those arising in the normal course of conducting insurance business. We also confirm that the Company has complied with the following Insurance Regulatory Commission of Sri Lanka (IRCSL) requirements;

- All provisions in the RII Act No. 43 of 2000, and subsequent amendments there to, and all rules, regulations determinations, directions issued by IRCSL; complied with all orders made by the Ministry of Finance and Planning under the RII Act, No. 43 of 2000
- Terms and conditions pertaining to reinsurance placements issued by IRCSL in terms of section 31(1) of the RII Act, No. 43 of 2000
- All applicable circulars issued by IRCSL
- All provisions in the Financial Transactions Reporting Act, No. 06 of 2006

- Rules on Know Your Customer (KYC) and Customer Due Diligence (CDD) for the Insurance Industry issued by the Financial Intelligence Unit established under the Financial Transactions Reporting Act, No. 06 of 2006
- Guidelines on Anti Money Laundering Programme for Insurers issued by IRCSL



R. N. Liyanage

Chief Executive Officer



Thanushka Jayasundera

Chief Financial Officer

31 March 2022

Independent Auditors' Report



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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysi@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF
JANASHAKTHI INSURANCE PLC

Report on the audit of the financial statements

OPINION

We have audited the financial statements of Janashakthi Insurance PLC ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of ethics issued by CA Sri Lanka (Code of Ethics)

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

KEY AUDIT MATTERS

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

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

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

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



Key audit matter	How our audit addressed the key audit matter
<p>Life Insurance Contract Liabilities</p> <p>Life Insurance Contract Liabilities amounting to Rs 13.4 Bn represent 89% of total liabilities of the company as at 31 December 2021 are determined as described in note 17.</p> <p>This was a key audit matters due to:</p> <ul style="list-style-type: none"> materiality of the reported Life Insurance Contract Liabilities; the degree of assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Life Insurance Contract Liabilities; and liability adequacy test using best estimates carried out to ensure the adequacy of the carrying value of Life Insurance Contract Liabilities. <p>Key areas of significant judgments, estimates and assumptions used in the valuation of the Life Insurance Contract Liabilities included the following:</p> <ul style="list-style-type: none"> the determination of assumptions such as mortality, morbidity, lapses and surrenders, loss ratios, bonus, interest rate, discount rates and related claim handling expenses. 	<p>To assess the reasonableness of the Life Insurance Contract Liabilities, our audit procedures included amongst others the following:</p> <ul style="list-style-type: none"> We checked the completeness and accuracy of the data used in the valuation of Life Insurance Contract Liabilities by agreeing significant details to source documents and accounting records. We engaged expert resources to assess the reasonableness of the assumptions and appropriateness of the method used in the actuarial valuations of Life Insurance Contract Liability with reference to market data and policyholders experience. We assessed the adequacy of the disclosures in note 17 to the financial statements.
<p>Deferred Tax Asset and Income Tax Assessments</p> <p>As detailed in Note 32 to the financial statements, the brought forward tax losses of the Life insurance business as of 31 December 2021 amounted to Rs. 2.7 Bn with a Deferred Tax Asset of Rs. 656 Mn is derived from such tax losses.</p> <p>This was a key audit matter due to;</p> <ul style="list-style-type: none"> materiality of the reported Deferred tax asset balance; degree of significant assumptions and judgement involved in management decision to recognize the Deferred Tax Asset <p>As detailed in Note 37 – Contingent liabilities, the company has received income tax assessments relating to the life insurance business. The management has revisited the estimates and judgements made on the uncertainty tax position and related contingent liability disclosures have been made in Note 37.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> we revisited the estimates and judgements made by the Company on the tax losses and engaged internal experts to assess the reasonableness of the basis on which the opinion is given by the independent tax consultant of the Company. we assessed the business plans used and thus the likelihood that taxable profits would be available to utilize the tax losses in the future. we assessed the adequacy of the disclosures given in Note 32 to the financial statements

Independent Auditors' Report



OTHER INFORMATION INCLUDED IN THE COMPANY'S 2021 ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

As required by Section 47(2) of the Regulation of Insurance Industry Act, No.43 of 2000, as far as appears from our examination, the accounting records of the Company have been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2097.

31 March 2022

Colombo

Statement of Financial Position

As at 31st December		2021	2020
	Note	LKR'000	LKR'000
Assets			
Property, Plant and Equipment	8	257,550	354,972
Right of Use Lease Assets	6	173,532	224,524
Investment Property	5	1,783,919	1,984,574
Intangible Assets	7	53,187	64,074
Deferred Tax Asset	32.3	656,093	959,255
Financial Investments	4	21,545,101	19,374,743
Loans to Life Policyholders and Others	9	332,870	339,072
Reinsurance Receivable	10	52,051	38,762
Premium Receivables	11	152,377	102,152
Other Assets	12	271,783	471,927
Cash and Cash Equivalents	13	404,634	282,891
Total Assets		25,683,097	24,196,946
Equity and Liabilities			
Equity			
Stated Capital	14	4,853,752	4,853,752
Restricted Regulatory Reserve	16	1,795,829	1,795,829
Available For Sale Reserve	15.2	(101,809)	(236,889)
Available For Sale Reserve - Life Policy Holders	15.3	(40,483)	39,936
Revenue Reserves	15	4,037,644	3,614,522
Total Equity		10,544,933	10,067,150
Liabilities			
Insurance Contract Liability - Life	17	13,473,701	12,681,780
Retirement Benefit Obligation	18	89,379	98,692
Reinsurance Creditors		99,683	45,939
Lease Creditor	6	211,519	254,652
Other Liabilities	20	1,167,930	918,541
Bank Overdraft	19	95,952	130,192
Total Liabilities		15,138,164	14,129,796
Total Equity and Liabilities		25,683,097	24,196,946

The accounting policies and notes on pages 140-188 are an integral part of these Financial Statements.

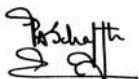
I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Thanushka Jayasundera
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by



Prakash Schaffter
Deputy Chairman



R.N. Liyanage
Director/Chief Executive Officer

Colombo, Sri Lanka.
31 March 2022

Income Statement

For the Year Ended 31st December		2021	2020
	Note	LKR'000	LKR'000
Gross Written Premium	21	5,460,892	3,819,817
Premium Ceded to Reinsurers		(211,961)	(122,180)
Net Written Premium		5,248,931	3,697,637
Other Revenue			
Fee and Commission Income	22	102,399	50,646
Investment Income	23	1,927,752	1,858,910
Net Realised Gains	24	235,139	293,871
Fair Value Gains/(Losses)	25	(488,954)	214,988
Other Operating Revenue	26	142,762	179,636
Total Other Revenue		1,919,098	2,598,051
Net Income		7,168,029	6,295,688
Benefits and Claims			
Gross Claims and Benefits Paid	27.1	(2,217,846)	(1,836,424)
Claims Ceded to Reinsurers	27.2	96,275	80,143
Gross Change in Claims Liabilities	27.3	(26,058)	(11,638)
Change in Claims Liabilities Ceded to Reinsurers	27.4	13,382	9,694
Change in Contract Liabilities - Life		(791,920)	(1,584,947)
Underwriting and Net Acquisition Cost	28	(1,864,486)	(860,858)
Total Benefits, Claims and Net Acquisition Cost		(4,790,653)	(4,204,030)
Other Expenses			
Operating and Administrative Expenses	29	(1,163,294)	(1,032,448)
Finance Cost	30	(34,744)	(38,299)
Total Other Expenses		(1,198,038)	(1,070,747)
Profit before Taxation		1,179,338	1,020,911
Income Tax Expense	32	(303,164)	(261,586)
Profit for the Year		876,174	759,325
Profit attributable to:			
Equity holders of the Company		876,174	759,325
Basic Earnings Per Share (LKR)	33	3.87	3.35

Statement of Other Comprehensive Income

For the Year Ended 31st December		2021	2020
	Note	LKR'000	LKR'000
Profit for the Year		876,174	759,325
Other Comprehensive Income/(Loss)			
Items that are or may be reclassified to Profit or Loss			
Net Changes in Fair Value of Investments classified as Available For Sale Financial Assets	15.2	135,080	(347,565)
Net Changes in Fair Value of Investments classified as Available For Sale Financial Assets - Life fund	15.3	90,882	(5,917)
Net Realised Gains Transferred to Income Statement		(171,301)	-
Impairment of Available For Sale Financial Assets transferred to Income Statement	25	-	94,674
Items that will never be reclassified to Profit or Loss			
Actuarial Gains on Defined Benefit Plans	18	(17,007)	(3,279)
Transferred to Long term Fund		17,007	3,279
Total Other Comprehensive Income		54,661	(258,808)
Total Comprehensive Income for the Year		930,835	500,517
Total Comprehensive Income attributable to:			
Equity holders of the Company		930,835	500,517

Statement of Changes in Equity

For the Year Ended 31st December	Revenue Reserves							Total
	Stated Capital	Restricted Regulatory Reserve	Retained Earnings	Available-For-Sale Reserve	Total	Available for Sale Reserve Fund of Life Policy holders	Total	
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
Balance as at 31 December 2019	4,853,752	1,795,829	2,855,197	110,676	2,965,873	(48,821)	9,566,633	
Profit for the Year	-	-	759,325	-	759,325	-	759,325	
Other Comprehensive Income								
Net Change in Fair Value of Available For Sale Financial Assets	15.2/							
Impairment of Available For Sale Financial Assets transferred to Income Statement	25	-	-	-	-	94,674	94,674	
Actuarial Gain on Defined Benefit Plans	18	-	(3,279)	-	(3,279)	-	(3,279)	
Total Comprehensive Income for the Year			(3,279)	(347,565)	(350,844)	88,757	(262,087)	
Transfers to Life Insurance Fund			3,279	-	3,279	-	3,279	
Balance as at 31 December 2020	4,853,752	1,795,829	3,614,522	(236,889)	3,377,633	39,936	10,067,150	
Profit for the Year	-	-	876,174	-	876,174	-	876,174	
Other Comprehensive Income								
Net Change in Fair Value of Available For Sale Financial Assets	15.2							
Net Realised Gains Transferred to Income Statement				135,080	135,080	90,882	225,962	
Actuarial Gain on Defined Benefit Plans	18		(17,007)	-	(17,007)	(171,301)	(171,301)	
Total Comprehensive Income for the Year			(17,007)	135,080	118,073	(80,419)	37,654	
Transactions with owners recorded directly in equity								
Dividend Paid to equity holders for 2020			(453,052)	-	(453,052)	-	(453,052)	
Transfers to Life Insurance Fund			17,007	-	17,007	-	17,007	
Balance as at 31 December 2021	4,853,752	1,795,829	4,037,644	(101,809)	3,935,835	(40,483)	10,544,933	

The accounting policies and notes on pages 140-188 are an integral part of these Financial Statements.

Statement of Cash Flows

As at 31st December		2021	2020
	Note	LKR'000	LKR'000
Cash Flows From Operating Activities			
Premium Received from Customers		5,419,859	3,689,278
Reinsurance Premium Paid		(23,575)	(17,632)
Claims Paid	27.1	(2,217,846)	(1,836,424)
Reinsurance Receipt in Respect of Claims		415	4,583
Interest Received		1,118,640	1,088,258
Dividends Received		152,828	55,641
Other Operating Cash Payments		(1,409,726)	(476,754)
Cash Flows from Operating Activities	A	3,040,595	2,506,950
Gratuity Paid		(9,029)	(27,002)
Net Cash Generated from Operating Activities		3,031,566	2,479,948
Cash Flows Generated from/(used in) Investing Activities			
Net Purchase of Investments		(2,659,904)	(2,574,426)
Purchase of Investment Property	5	(4,287)	(11,646)
Proceeds from Disposal of Investment Property	5	251,758	144,126
Purchase of Property, Plant and Equipment	8	(39,721)	(37,590)
Proceeds from Disposal of Property, Plant and Equipment	8	45,740	39,073
Purchase of Intangible Assets	7	(11,593)	(7,319)
Net Cash used in Investing Activities		(2,418,007)	(2,447,782)
Net Cash Flows before Financing Activities		613,559	32,166
Cash Flows Used in Financing Activities			
Rent Advance paid for Right of Use Assets		(4,486)	-
Finance Cost		(38)	(130)
Ordinary Dividends Paid		(453,052)	-
Net Cash Used in Financing Activities		(457,576)	(130)
Net Increase in Cash and Cash Equivalents	B	155,983	32,036

Notes to the Statement of Cash Flows

For the year ended 31st December		2021	2020
	Note	LKR'000	LKR'000
A Cash Flows from Operating Activities			
Profit Before Tax		1,179,338	1,020,910
Finance Cost		38	130
Profit on Disposal of Property, Plant and Equipment		(851)	(4,276)
(Profit)/Loss on Disposal of Investment Property		8,439	(2,935)
Impairment of Available For Sale Financial Assets transferred to Income Statement	25	-	94,674
(Gain)/Loss on Financial Investments		544,209	(194,399)
Gain on Fair Valuation of Investment Properties		(55,254)	(20,589)
Write off of Tax Credits		-	(5,301)
Provision for Retirement Benefit		(284)	19,263
Interest Expense on Operating Leases		34,706	38,169
Depreciation and Amortisation Expenses		114,731	115,786
Changes in Working Capital			
(Increase)/Decrease in Premium and Other Receivables		198,309	(203,621)
Increase in Insurance Contract Liability - Life		791,919	1,585,306
Increase in Other Liabilities		225,295	63,833
Net Cash Flows from Operating Activities		3,040,595	2,506,950
B Increase/(Decrease) in Cash and Cash Equivalents			
Cash in Hand and Balance at Bank		404,634	282,891
Bank Overdrafts		(95,952)	(130,192)
Net Cash and Cash Equivalents at the end of the Period		308,682	152,699
Net Cash and Cash Equivalents as at beginning of the Period		152,699	120,664
Increase in Cash and Cash Equivalents During the Period		155,983	32,036

ACCOUNTING POLICY

Statement of Cash Flows

The Statement of Cash Flows has been prepared by using both the "Direct Method" and "Indirect Method" in accordance with the Sri Lanka Accounting Standard LKAS 07: Statement of Cash Flows.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investment or financing cash flows.

For the purpose of the Statement of Cash flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

Statement of Financial Position - Supplemental (Life Insurance Fund of The Former National Insurance Corporation Ltd)

As at 31st December	2021 LKR'000	2020 LKR'000
Assets		
Financial Investments	160,352	255,604
Investment Property	-	-
Loans to Life Policyholders	34,853	35,795
Other Assets	187,511	187,894
Cash in Hand and Balance at Bank	80,842	55,984
Total Assets	463,558	535,277
Equity and Liabilities		
Equity		
Available For Sale Reserve Fund of Life Policyholders	-	-
Total Equity	-	-
Liabilities		
Insurance Contract Liability - Life	46,529	58,332
Other Liabilities	345,102	320,147
Bank Overdraft	71,927	156,798
Total Liabilities	463,558	535,277
Total Equity and Liabilities	463,558	535,277

The above Life Insurance Statement of Financial Position should be read in conjunction with the Company's Statement of Financial Position on page 132, Accounting Policies and Notes to the Financial Statements from pages 140-188.

Underwriting Results - Supplemental

For the Year Ended 31st December	2021	2020
	Life Insurance LKR'000	Life Insurance LKR'000
Gross Written Premium	5,460,892	3,819,817
Less: Premium Ceded to Reinsurers	(211,961)	(122,180)
Net Written Premium	5,248,931	3,697,637
Net Earned Premium	5,248,931	3,697,637
Benefits and Claims		
Gross Claims and Benefits Paid	(2,217,846)	(1,836,424)
Claims Ceded to Reinsurers	96,275	80,143
Gross Change in Claims Liabilities	(26,058)	(11,638)
Change in Claims Liabilities Ceded to Reinsurers	13,382	9,694
Underwriting and Net Acquisition Costs	(1,864,486)	(860,858)
Total Benefits, Claims and Net Acquisition Cost	(3,998,733)	(2,619,083)
Underwriting Results	1,250,198	1,078,554

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

Janashakthi Insurance PLC (“the Company”) is a limited liability company incorporated and domiciled in Sri Lanka and is listed on the Diri Savi Board of the Colombo Stock Exchange (CSE). The registered office of the Company is at No. 75, Kumaran Ratnam Road, Colombo 02. The Company is regulated by the Insurance Industry Act, No. 43 of 2000 and amendments thereto.

1.2 Principal Activities and Nature of Operations

Janashakthi Insurance PLC provides Life Insurance solutions for both individual and corporate customers and there was no significant change in the nature of the principal activities of the Company.

1.3 Parent Entity

In the opinion of the Directors, the Company’s ultimate parent undertaking and controlling party is Janashakthi Limited which is incorporated in Sri Lanka. The Financial year of the Parent ends on 31st of March.

1.4 Date of authorization of issue

The Financial Statements of the Company for the year ended 31st December 2021 were approved and authorized for issue by the Board of Directors on 31st March 2022.

1.5 Responsibility for Financial Statements

The Board of Directors are responsible for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards.

1.6 Number of Employees

The staff strength of the Company as at 31st December 2021 was 336. (333 as at 31st December 2020)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.

2.1 BASIS OF PREPARATION

2.1.1 Statement of Compliance

The Financial Statements for the year ended 31st December 2021 are prepared in accordance with Sri Lanka Accounting Standards comprising LKASs and SLFRSs as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with requirements of Companies Act No.07 of 2007. The presentation of the Financial Statements is also in compliance with the requirements of the Regulation of

Insurance Industry Act No. 43 of 2000 and amendments thereto. These Financial Statements also provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

The Company did not adopt any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of these Financial Statements.

The Financial Statements include the following components:

Component	Description	Page No
Statement of Financial Position	Provides information on the financial position of the Company as at the end of the year.	132
Income Statement and Other Comprehensive Income Statement	Provides information of the financial performance of the Company for the period.	133-134
Statement of Changes in Equity	Provides all changes in the Shareholders’ Fund during the period under review.	135
Statement of Cash Flows	Provides information on the ability of the Company to generate cash and cash equivalents and the needs of the entity to utilise those cash flows.	136-137
Notes to the Financial Statements	Consists accounting policies and other explanatory information.	140-188

2.1.2 Basis of Measurement

The Financial Statements have been prepared on an accrual basis under the historical cost convention and applied consistently with no adjustment being made for inflationary factors affecting the Financial Statements except for the financial assets Available For Sale and financial assets designated at Fair Value Through Profit or Loss which are measured at fair value. The land and buildings are measured at revalued amounts, Investment Properties are valued at fair value, the Insurance Contract Liability - Life is determined using actuarial valuation and Defined Benefit Obligations are recognised at present value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

The Statement of Financial Position has been prepared in the order of liquidity.

2.1.3 Use of Materiality and Offsetting

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial, as permitted by the Sri Lanka Accounting Standard: LKAS 01 on 'Presentation of Financial Statements'.

Assets and liabilities and income and expenses are not set off unless permitted by Sri Lanka Accounting Standards.

2.1.4 Functional and Presentation Currency and Rounding

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand (LKR '000), unless otherwise stated as permitted by the LKAS 01 Presentation of Financial Statements.

2.1.5 Financial Period

The Financial Statements are prepared for the twelve months period from 1st January to 31st December.

2.1.6 Comparative Information

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

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements in conformity with SLFRSs/LKASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future reporting periods.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed

to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised prospectively. Management has considered and made significant judgements, estimates and assumptions in preparing these Financial Statements.

2.2.1 Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these Financial Statements is included in the following notes.

2.2.1.1 Classification of Financial Assets and Liabilities

The significant accounting policies of the Group provide scope for assets to be classified upon initial recognition into different accounting categories under certain circumstances. The Company has classified assets as "Loans and Receivables", "Fair Value Through Profit or Loss" (FVTPL), and "Available For Sale" (AFS).

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. At initial recognition, financial liabilities within the scope of LKAS 39 are classified as financial liabilities at Fair Value Through Profit or Loss or financial liabilities at amortised cost.

2.2.2 Assumptions and Estimation Uncertainties

The following notes include information about Assumptions and Estimation Uncertainties that have a significant risk of resulting in material adjustments for the year ended 31st December 2021.

2.2.2.1 Going Concern

The Management has made an assessment of the Company's ability to continue as a Going Concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a Going Concern. Therefore, the Financial Statements continue to be prepared on a Going Concern basis.

2.2.2.2 Revaluation and Fair Valuation of Property, Plant and Equipment and Investment Properties

The Land and Buildings are measured at revalued amounts with changes in fair value being recognised in the Statement of

Notes to the Financial Statements

Changes in Equity. The Investment Properties are measured at fair value, with changes in fair value being recognised in the Income Statement.

2.2.2.3 Life Insurance Contract Liabilities

The liability for life insurance contracts is based on assumptions established at inception of the contract, reflecting the best estimate at the time. All contracts are subject to a Liability Adequacy Test, which reflects the best current estimates of future cash flows.

The main assumptions used relate to mortality, longevity, and discount rates. The Company bases mortality on standard tables published by the Institute of Actuaries of United Kingdom (A 67/70 and A 49/52).

Discount rates are based on the guidelines provided by the Insurance Regulatory Commission of Sri Lanka (IRCSL), and are in line with SLFRS 4 Insurance Contracts.

2.2.2.4 Fair Value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded in the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish their fair values. This judgment may include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of the financial instruments.

2.2.2.5 Valuation of Defined Benefit Obligation – Gratuity

The cost of Defined Benefit Plans is determined using actuarial valuations. The actuarial valuation involves making assumptions for discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and the long-term nature, such estimates are subject to significant uncertainty and the obligation is highly sensitive to any changes in these estimates and assumptions.

All assumptions are reviewed at each reporting date. Details of the key assumptions used by the Actuary and sensitivities there on the estimation is contained in Note 18.

2.2.2.6 Deferred Tax Assets and Liabilities

Deferred Tax Assets are recognised if sufficient future taxable income, including income from the reversal of existing taxable temporary differences and available tax planning strategies, is

available for realization. The utilization of deferred tax assets arising from temporary differences depends on the generation of sufficient taxable profits in the period in which the underlying asset or liability is recovered or settled.

Certain management judgements are involved when determining the amount of Deferred Tax to be recognised based on timing and future taxable profits.

Details of Deferred Tax Asset recognised on tax losses of the Company is disclosed in Note 32.3. The accumulated tax losses of the Company are disputed by the Department of Inland Revenue through assessments issued, the details of which are disclosed in Note 37.2. These Tax Assessments have been common assessments for all Life Insurance companies in the insurance industry. The Company has appealed against the assessments issued in consultation with its Tax Consultants, as detailed in Note 37.2. The Company is of the firm view that these assessments will not materialize against the Company and the tax losses will be available to set off against future taxable income.

2.2.2.7 Impairment of Financial Assets

Impairment evaluation is a complex process that involves significant judgements and uncertainties that may have a significant impact on the Company's Financial Statements. The identification of impairment is an inherently uncertain process involving various assumptions and factors including, financial condition of the counter-party, expected future cash flows, statistical loss data, discount rates, observable market prices, etc. Estimates and assumptions are based on management's judgement and other information available prior to the issuance of the Financial Statements.

Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry performance, financing and operational cash flows and changes in technology.

2.2.2.8 Impairment of Non-Financial Assets

The Company assesses whether there are any indicators of impairment for an asset or a cash generating unit at each reporting date or more frequently, if events or changes in circumstances necessitates to do so. This requires the estimation of the 'value in use' of such individual assets or the cash generating units. Estimating 'Value in Use' requires Management to make an estimate of the expected future cash flows from the asset or the cash generating unit and also to select suitable discount rates in order to calculate the present value of the relevant cash flows. This valuation requires the Company to make estimates about expected future cash flows and discount rates and hence, they are subject to uncertainty.

2.2.2.9 Provisions for liabilities and contingencies

The Company is subject to legal claims against it in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding when making provisions. The time for concluding legal claims and the amount of possible outflow of economic benefits are uncertain. Timing and cost ultimately depend on due process in the respective legal jurisdictions.

2.2.2.10 Useful Life-time of Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 8 on pages 160-163.

Following table provides references to the different locations in this report where each estimates are discussed in more detail.

Estimate/Judgement	Note No.	Page No.
Going Concern	2.2.2.1	141
Insurance Contract Liability - Life	17	168-171
Liability Adequacy Test	17	170
Valuation of Defined Benefit Obligation	18	171-173
Deferred Tax Asset	32	181-182
Assessment of Impairment	4	151
Fair Value of Financial Instruments	4	151-154
Provision for Liabilities and Contingencies	37	186-187

3 ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparation and presentation of Financial Statements.

Significant Accounting Policies

Significant Accounting policies adopted by the Company have been applied consistently for all financial periods unless otherwise stated.

3.1 Statement of Financial Position

3.1.1 Reinsurance Contracts Held

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. These assets consist of short-term balances due from reinsurers,

as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance is recorded gross in the financial position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the Statement of Other Comprehensive Income.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

3.2 Foreign Currency Translation/Transactions

All transactions in currencies other than the functional currency are recorded in Sri Lankan Rupees (LKR), using the exchange rates prevailing at the time the transactions were effected.

At each date of the Statement of Financial Position, monetary assets and liabilities denominated in foreign currencies are retranslated to Sri Lankan Rupee equivalents at the exchange rate prevailing on the date of the Statement of Financial Position. Exchange differences arising on settlement of monetary items and re-translation of monetary items, are recognised in the Income Statement in the year in which they arise. Foreign exchange gains and losses arising from monetary assets designated as Available For Sale is recognised in the Statement of Other Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees using the exchange rate prevailing at the date of transaction.

3.3 Proposed Dividend

Dividends declared by the Board of Directors after the reporting date is not recognised as a liability in the Financial Statements but is disclosed as a Note to the Financial

Notes to the Financial Statements

Statements. Provision for dividend is recognised at the time the Shareholders approve the propose dividend at the Annual General Meeting.

3.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using both the “Direct Method” and “Indirect Method” in accordance with the Sri Lanka Accounting Standard LKAS 07: Statement of Cash Flows. The primary segments are identified on the basis of the core business of the Company which is Life Insurance. The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investment or financing cash flows.

For the purpose of the Statement of Cash flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

3.5 Standards issued but not yet effective

The following Sri Lanka Accounting Standards have been issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) which will be effective in the future. These standards have not been applied by the Company in preparation of these Financial Statements.

3.5.1 SLFRS 9 – Financial Instruments

In December 2014, the Institute of Chartered Accountants of Sri Lanka (ICASL) issued the final version of SLFRS 9: Financial Instruments Classification and Measurement which reflects all phases of the financial instruments project and replaces LKAS 39: Financial Instruments Recognition and Measurement. SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The standard introduces new requirements for:

- Classification and measurement,
- Impairment,
- Hedge Accounting,

Retrospective application is required, but comparative information is not compulsory.

Temporary exemption from SLFRS 9

An insurer that meets the criteria in paragraph 20B of SLFRS 4 (amended) 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 1st January 2023.

An insurer may apply the temporary exemption from SLFRS 9 if, and only if:

- (a) it has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at Fair Value Through Profit or Loss in paragraphs 5.7.1(c), 5.7.7–5.7.9, 7.2.14 and B5.7.5– B5.7.20 of SLFRS 9; and
- (b) its activities are predominantly connected with insurance, as described in paragraph 20D, at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date as specified in paragraph 20G of SLFRS 9.

Having considered the above criteria, since Janashakthi Insurance PLC is predominantly connected with Insurance activities, the Company may continue to apply LKAS 39: Financial Instruments Recognition and Measurement rather than SLFRS 9 which will be adopted for annual periods beginning after 1st January 2023.

Summary of the Requirements

- Classification and Measurement

Financial Assets

SLFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

SLFRS 9 contains three principal classification categories for financial assets measured at:

- Amortised Cost
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss

The standard eliminates the existing LKAS 39 categories of Held to Maturity, Loans and Receivables and Available For Sale.

At 31st December 2021, the equity investments classified as Available For Sale with a fair value of LKR 2.4 Bn that are held for long-term strategic purposes. Under SLFRS 9, these investments will be reclassified investments measured at FVTOCI. Consequently, all fair value gains and losses and gains or losses on disposal will be reported in the Other Comprehensive Income Statement.

Financial Liabilities

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, under LKAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in the Income Statement, whereas under SLFRS 9 these fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in the Statement of Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in the Income Statement. The Company has not designated any financial liabilities at FVTPL and it has no current intention to do so.

Impairment

SLFRS 9 replaces the 'Incurred Loss' model in LKAS 39 with a forward-looking 'Expected Credit Loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or fair value through Statement of Other Comprehensive Income, except for investments in equity instruments, and to contract assets.

Under SLFRS 9, loss allowances will be measured on either of the following bases:

12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.

3.5.2 SLFRS 17 - Insurance Contracts

SLFRS 17 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) comes into effect on 1st January 2023. SLFRS 17 will supersede SLFRS 4: Insurance Contracts.

The standard establishes principles for the recognition, measurement, presentation and disclosure of the insurance contracts within the scope of the standard.

The objective of SLFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives basis for users of Financial Statements to assess the effect that insurance contracts have on the entity's financial position, performance and cash flows.

Notes to the Financial Statements

4 FINANCIAL INVESTMENTS

ACCOUNTING POLICY

Financial Instruments

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Initial measurement and classification of financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit or Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at Fair Value Through Profit or Loss are recognised immediately in the Income Statement.

Financial Assets

Financial assets are classified into the following specified categories:

- Fair Value Through Profit or Loss (either as Held for Trading or designated at Fair Value Through Profit or Loss) (FVTPL)
- Loans and Receivables
- Held to Maturity Financial Assets (HTM)
- Available For Sale Financial Assets (AFS)

(a) The financial investments of the Company are summarised by measurement category in the table below.

	Note	2021 LKR'000	2020 LKR'000
Financial Assets at Fair Value Through Profit or Loss	4(c)	8,221,186	7,324,922
Loans and Receivables	4(d)	8,699,591	8,496,611
Available For Sale Financial Assets	4(e)	4,624,324	3,553,210
Total Financial Investments		21,545,101	19,374,743

(b) The following table compares the fair values of the financial investments with their carrying values:

	Note	2021		2020	
		Carrying Value LKR'000	Fair Value LKR'000	Carrying Value LKR'000	Fair Value LKR'000
Financial Assets at Fair Value Through Profit or Loss	4(c)	8,221,186	8,221,186	7,324,922	7,324,922
Loans and Receivables	4(d)	8,699,591	8,850,474	8,496,611	8,662,951
Available For Sale Financial Assets	4(e)	4,624,324	4,624,324	3,553,210	3,553,210
		21,545,101	21,695,984	19,374,743	19,541,083

The Company's existing types of financial assets and their possible classifications are shown in the table below.

Financial Asset	Category
Treasury Bonds	Fair Value Through Profit or Loss
Quoted Shares	Fair Value Through Profit or Loss/Available For Sale
Unit Trust	Fair Value Through Profit or Loss
Corporate Debts	Loans and Receivables/Available For Sale
Fixed Deposits	Loans and Receivables
Reverse Repurchase Agreements	Loans and Receivables
Loans to Policyholders	Loans and Receivables
Staff Loans	Loans and Receivables
Reinsurance Receivables	Loans and Receivables
Premium Receivables	Loans and Receivables
Cash and Cash Equivalents	Cash and Cash Equivalent
Other Assets	Loans and Receivable

(c) Financial Assets at Fair Value Through Profit or Loss

ACCOUNTING POLICY

Financial Assets Held for Trading

Financial Assets are classified as Held for Trading if they are acquired principally for the purpose of selling or repurchasing in the near term or held as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by the Sri Lanka Accounting Standard LKAS 39: Financial Instruments Recognition and Measurement.

Financial Assets Held for Trading are recorded in the Statement of Financial Position at fair value. The changes in fair value are recognised in profit or loss and interest and dividend income is recorded in 'Net trading income' according to the terms of the contract, or when the right to receive the payment has been established. The Company evaluates its financial assets Held for Trading, other than derivatives, to determine whether the intention to sell them in the near-term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances.

Financial Assets designated at Fair Value Through Profit or Loss

Financial Assets and Financial Liabilities classified in this category are those that have been designated by the Management on initial recognition. Management may only designate an instrument at Fair Value Through Profit or Loss upon initial recognition when the following criterias are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss are recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets designated at Fair Value Through Profit or Loss'. Interest earned is accrued in 'Interest Income', using the Effective Interest Rate (EIR), while Dividend Income is recorded in 'Net Trading Income' when the right to the payment has been established.

Notes to the Financial Statements

	Note	2021		2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		LKR'000	LKR'000	LKR'000	LKR'000
Equity Securities	4.1	1,046,930	1,046,930	291,916	291,916
Investment in Unit Trust		2,572,733	2,572,733	2,260,941	2,260,941
Investment in Government Securities		4,601,523	4,601,523	4,772,065	4,772,065
Total		8,221,186	8,221,186	7,324,922	7,324,922
Held-For-Trading Purposes		8,221,186	8,221,186	7,324,922	7,324,922
Total		8,221,186	8,221,186	7,324,922	7,324,922

(d) Loans and Receivables

ACCOUNTING POLICY

'Loans and Receivables', include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, 'Loans and Advances to Customers' are subsequently measured at Amortised Cost using the EIR, less allowance for Impairment. Amortised Cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest income' in the Income Statement.

Gains and losses are recognised in the Income Statement when the investments are derecognised or impaired and also through the amortisation process.

Effective Interest Method

The Effective Interest Method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an Effective Interest Basis for debt instruments other than those financial assets classified as at FVTPL.

	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	LKR'000	LKR'000	LKR'000	LKR'000
Reverse Repurchase Agreements	2,029,852	2,029,852	1,102,375	1,102,375
Corporate Debts	5,054,058	5,204,941	5,586,876	5,753,216
Placements with Banks and Financial Institutions	1,615,681	1,615,681	1,807,360	1,807,360
Total	8,699,591	8,850,474	8,496,611	8,662,951

LKR 427.8 million and LKR 1,368 million (In 2020 LKR 175.8 million and LKR 1,620 million) has been specially reserved from Reverse Repurchase Agreements and Placements with Banks and Financial Institutions respectively, for the purpose of supporting Regulatory Restricted Reserve.

(e) Available For Sale Financial Assets

ACCOUNTING POLICY

Available For Sale Financial Investments

Available For Sale Investments include equity and debt securities. Equity Investments classified as Available For Sale are those which are neither classified as Held for Trading nor designated at Fair Value Through Profit or Loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, Available For Sale financial investments are subsequently measured at fair value.

Unrealised Gains and losses are recognised directly in equity (Other Comprehensive Income) in the 'Available For Sale Reserve'. When the investment is disposed of the cumulative gain or loss previously recognised in equity is recognised in the Income Statement under 'Net Realised Gains/Losses'. Interest earned whilst holding Available For Sale financial investments is reported as 'Interest Income' using the EIR.

Dividends earned, whilst holding Available For Sale financial investments are recognised in the Income Statement as 'Net Trading Income', when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the Income Statement in 'Impairment losses on financial investments' and removed from the 'Available For Sale Reserve'.

Held to Maturity Financial Assets

Held to Maturity Investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortisation is included in 'Investment Income' in the Income Statement.

In the case of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the Income Statement as 'Net gains/losses on investment securities'.

If the Company were to sell or reclassify more than an insignificant amount of Held to Maturity Investments before maturity (other than in certain specific circumstances permitted in the Sri Lanka Accounting Standard LKAS 39: Financial Instruments Recognition and Measurement), the entire category would be tainted and would have to be reclassified as Available For Sale. Furthermore, the Company would be prohibited from classifying any financial asset as Held to Maturity during the following two years.

Gains and losses are recognised in the Income Statement when the investments are derecognised or impaired and also through the amortisation process.

Reclassification

As per Sri Lanka Accounting Standard LKAS 39: Financial Instruments Recognition and Measurement the Company is permitted to reclassify financial instruments in the Held for Trading category as Available For Sale, Loans and Receivables or Held to Maturity categories.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost and no reversals of fair value gains or losses are recorded before reclassification date.

The Company evaluates whether the ability and the intention to sell the Available For Sale financial assets in near future would still be applicable and if in case the Company is unable to sell these assets in the near future the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to Loans and Receivables is permitted if the financial assets meet the definition of Loans and Receivables and Management has the ability and intention to hold these assets for a foreseeable future or

Notes to the Financial Statements

until maturity, whereas reclassification of instruments to held to maturity is permitted only if the entity has the ability and intention to hold these financial assets until maturity.

When a financial asset with a fixed maturity in the 'Available For Sale' category is reclassified, any previous gain or loss on that asset, that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. In the case of a financial asset that does not have a fixed maturity, the gain or loss is recognised in the profit or loss when such financial asset is sold or disposed. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the Income Statement.

The Company may reclassify a non-derivative trading asset under the 'Held for Trading' category as one under 'Loans and Receivables' category if it meets the definition of Loans and Receivables and if the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of Management and is determined on an instrument by instrument basis. The Company does not reclassify any financial instrument under the Fair Value Through Profit or Loss category after initial recognition.

	Note	2021		2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		LKR'000	LKR'000	LKR'000	LKR'000
Equity Securities	4.1	2,456,203	2,456,203	2,046,496	2,046,496
Corporate Debts		2,168,121	2,168,121	1,506,714	1,506,714
Total		4,624,324	4,624,324	3,553,210	3,553,210

De-recognition of Financial Assets and Financial Liabilities

Financial Asset

The Company derecognises a financial asset when;

- The rights to the cash flows from the financial asset has expired.
- It transfers the financial asset in which substantially all the risks and rewards of ownership of the financial asset is transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership.
- It does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Company is recognised as a separate asset or liability in the Statement of Financial Position. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial Liability

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under LKASs/SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

(f) Determination of Fair Value and Fair Value Hierarchy

ACCOUNTING POLICY

Determination of Fair Value

The Fair Value for Financial Instruments traded in active markets as at the date of the Statement of Financial Position is based on their quoted market price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using valuation models with the Company's best estimate of the most appropriate model assumptions.

The following Table provides an analysis on the different bases used by the Company in assessing the Fair Value of Financial Instruments.

Instrument	Fair Value Basis	Fair Value Hierarchy
Treasury Bonds	Using Market yield	Level 1
Treasury Bills	Using Market yield	Level 1
Quoted Shares	Volume Weighted Average	Level 1
Corporate Debts	Published Market Prices	Level 1
Fixed Deposits	Carrying Value (Cost + Interest)	Level 2
Reverse Repurchase Agreements	Carrying Value (Cost + Interest)	Level 2
Unit Trust	Published Net Asset Values	Level 2

Impairment of Financial Assets

The Company assesses at each date of the Statement of Financial Position whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter the bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Financial Statements

Financial Assets carried at Amortised Cost

For Financial Assets carried at Amortised Cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for Impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised Impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Impairment charges for loans and other losses'.

The Company has not experienced any indication of impairment and thus no impairment losses were recognised during the financial year.

Assets classified as Available For Sale

For Available For Sale Financial Investments, the Company assesses at each date of the Statement of Financial Position whether there is objective evidence that an investment is impaired. In the case of debt instruments classified as Available For Sale, the Company assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the Impairment loss.

The Interest Income is recorded as part of 'Interest and similar income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

In the case of equity investments classified as Available For Sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Available For Sale reserve is removed from equity and recognised in the Income Statement. Impairment losses on equity investments are not reversed through the Income Statement. Increases in the Fair Value after Impairment are recognised in Other Comprehensive Income.

The following table shows an analysis of financial investments recorded at fair value by level of fair value hierarchy.

As at 31st December 2021	Level 1 LKR'000	Level 2 LKR'000	Level 3 LKR'000	Total Fair Value LKR'000
Financial Assets at Fair Value Through Profit or Loss				
Equity Securities	1,046,930	-	-	1,046,930
Investment in Unit Trust	-	2,572,733	-	2,572,733
Investment in Government Securities	4,601,523	-	-	4,601,523
	5,648,453	2,572,733	-	8,221,186
Loans and Receivables				
Reverse Repurchase Agreements	-	2,029,852	-	2,029,852
Corporate Debts	5,204,941	-	-	5,204,941
Placements with Banks and Financial Institutions	-	1,615,681	-	1,615,681
	5,204,941	3,645,533	-	8,850,474
Available For Sale Financial Assets				
Equity Securities	2,456,203	-	-	2,456,203
Corporate Debts	2,168,121	-	-	2,168,121
	4,624,324	-	-	4,624,324
Total Financial Assets (Fair Value)	15,477,718	6,218,266	-	21,695,984
As at 31st December 2020				
	Level 1 LKR'000	Level 2 LKR'000	Level 3 LKR'000	Total Fair Value LKR'000
Financial Assets at Fair Value Through Profit or Loss				
Equity Securities	291,916	-	-	291,916
Investment in Unit Trust	-	2,260,941	-	2,260,941
Investment in Government Securities	4,772,065	-	-	4,772,065
	5,063,981	2,260,941	-	7,324,922
Loans and Receivables				
Reverse Repurchase Agreements	-	1,102,375	-	1,102,375
Corporate Debts	5,753,216	-	-	5,753,216
Placements with Banks and Financial institutions	-	1,807,360	-	1,807,360
	5,753,216	2,909,735	-	8,662,951
Available For Sale Financial Assets				
Equity Securities	2,046,496	-	-	2,046,496
Corporate Debts	1,506,714	-	-	1,506,714
	3,553,210	-	-	3,553,210
Total Financial Assets (Fair Value)	14,370,407	5,170,676	-	19,541,083

Notes to the Financial Statements

(g) **Level 1 Inputs:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for the assets or liabilities.

During the reporting period ended 31st December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

4.1 INVESTMENT IN EQUITY SECURITIES

Quoted Shares - Sector Analysis

As at 31st December	2021 Fair Value LKR'000	2020 Fair Value LKR'000
Quoted Shares at Fair Value Through Profit or Loss		
Banks, Finance and Insurance	708,752	168,086
Manufacturing	65,700	45,508
Diversified Holdings	272,478	78,322
	1,046,930	291,916
Quoted Shares at Available For Sale		
Banks, Finance and Insurance	2,353,610	1,962,661
Land and Property	102,593	83,835
	2,456,203	2,046,496
Total	3,503,133	2,338,412

5 INVESTMENT PROPERTY

ACCOUNTING POLICY

Investment properties are properties held either to earn rental income or for capital appreciation or for both. They are not properties held for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative services.

Basis of recognition

Investment property is recognised as an asset if it is probable that future economic benefits that are associated with the investment property will flow to the Company and if the cost of the investment property can be measured reliably.

Measurement

An investment property is measured initially at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The carrying amount includes the cost of replacing part of an existing Investment Property at the time that the cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an Investment Property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Income Statement in the year in which they arise.

The Company revalues Investment Properties at the end of each financial year.

De-recognition

Investment Properties are de-recognised when either they have been disposed or when the Investment Property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising on the retirement or disposal of an Investment Property are recognised in the Income Statement in the year of retirement or disposal.

	LKR'000
Fair Value	
As at 1st January 2020	2,093,323
Additions during the Year	11,646
Disposal during the Year	(138,866)
Transfers to Property, Plant and Equipments during the Year	(2,118)
Fair Value Gain	20,589
As at 31st December 2020	1,984,574
Additions during the Year	4,287
Disposals during the Year	(260,196)
Fair Value Gain	55,254
As at 31st December 2021	1,783,919

Notes to the Financial Statements

5.1 Location

	Details	Type	Fair Value LKR'000	
			2021	2020
No. 19, Railway Avenue, Nugegoda	25	Freehold	-	230,000
No. 24-133, Main Street, Killinochchi	22.03	Freehold	44,000	35,250
No. 233/1, Ehambaram Road, Trincomalee	40.7	Freehold	75,000	72,000
No. 32, Ave Maria Road, Negombo	22.8	Freehold	66,800	63,000
No. 541, Main Street, Panadura	23.75	Freehold	-	14,595
No. 143, Colombo Road, Galle	10.5	Freehold	66,250	65,000
No. 13 1/1, Bailey Road, Badulla	12.5	Freehold	64,800	61,000
No. 83, Kings Street, Matale	15	Freehold	38,669	37,229
No. 675, Dr. Danister De Silva Mw, Colombo 09	118.34	Freehold	1,205,000	1,190,000
No. 302, D.S. Senanayake Mw, Kandy	13.5	Freehold	149,000	144,000
No. 110, Noel Seneviratne Mw, Kurunegala	20.5	Freehold	74,400	72,500
			1,783,919	1,984,574

Nugegoda and Panadura properties were disposed during the year.

5.2 The Fair Value hierarchy of the Investment Properties for the Company as at 31st December 2021 is as follows.

	Level 1 LKR'000	Level 2 LKR'000	Level 3 LKR'000	Total Fair Value LKR'000
Freehold Land	-	-	1,286,620	1,286,620
Freehold Buildings (13 buildings)	-	-	497,299	497,299
	-	-	1,783,919	1,783,919

5.3 Investment Properties re-stated at fair value which has been determined based on a valuation performed by Deshamanya, H.B. Manjula Basnayaka AIV (SL), JP (WI), using the Income Earned Approach Method of valuation as at 31st December 2021.

Location	Significant Unobservable Input	Estimates for Unobservable Inputs
No. 24-133, Main Street, Killinochchi	Estimated price per perch	LKR 2,000,000
No. 233/1, Ehambaram Road, Trincomalee	Estimated price per perch	LKR 1,325,000
No. 32, Ave Maria Road, Negombo	Estimated price per perch	LKR 2,200,000
No. 143, Colombo Road, Galle	Estimated price per perch	LKR 5,000,000
No. 13, R. H. Gunawardena Mawatha, Badulla	Estimated price per perch	LKR 4,350,000
No. 83A, King Street, Matale	Estimated price per perch	LKR 2,800,000
No. 675, Dr. Danister De Silva Mw, Colombo 09	Estimated price per perch	LKR 7,000,000
No. 302, D.S. Senanayake Mw, Kandy	Estimated price per perch	LKR 9,500,000
No. 110, Noel Seneviratne Mw, Kurunegala	Estimated price per perch	LKR 2,750,000

5.4 The rental income earned from the above properties during the year 2021 is LKR 128.38 million.

6 RIGHT OF USE ASSETS

ACCOUNTING POLICY

SLFRS 16 “Leases” supersedes LKAS 17 “Leases”, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The Company has adopted SLFRS 16 using modified retrospective method from 1st January 2019, without restating comparatives of the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- Contract involves the use of an identified asset.
- Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.
and
- Company has the right to direct the use of the asset. The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use assets of the Company consist of branch premises which were previously recognised as operating leases under LKAS 17.

Measurement

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined Company’s incremental borrowing rate) adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Where the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Right of use assets are subject to impairment.

The movement of Right of Use Assets of the Company is as follows;

	2021 LKR’000	2020 LKR’000
Cost of Right of Use Assets		
Right of Use Assets (PV of Future Lease Payment) on initial application of SLFRS 16 as at 1st January	199,597	230,446
Opening Balance of Advance Payments for the Right of Use Assets as at 1st January	24,927	31,365
Additions of Right of Use Assets during the Year	-	17,579
Advances Paid for Right of Use Assets during the Year	4,486	2,278
Total Cost of Right of Use Assets (a)	229,010	281,668
Accumulated Depreciation and Amortisation		
Depreciation of Right of Use Assets	46,805	48,428
Amortisation of Rent Advance for Right of Use Assets	8,673	8,716
Total Accumulated Depreciation and Amortisation (b)	55,478	57,144
Net Right of Use Assets as at 31st December (a-b)	173,532	224,524

Lease Creditor

Notes to the Financial Statements

	2021 LKR'000	2020 LKR'000
Lease Creditor on initial application of SLFRS 16 as at 1st January	254,652	261,427
Addition to the Lease Creditor during the Year	-	17,579
Interest Expense of Lease Creditor during the Year	34,706	38,169
Rental paid for Lease Creditor during the Year	(77,839)	(62,523)
Lease Creditor as at 31st December	211,519	254,652

Short-term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined using the Company incremental borrowing rate. Generally the Company uses the market lending rate as its borrowing rate (9%).

7 INTANGIBLE ASSETS

ACCOUNTING POLICY

Basis of recognition

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38: Intangible Assets.

Computer Software

Purchased Software which is not an integral part of the related hardware is treated as an intangible asset and measured on initial recognition at cost.

De-recognition

An Intangible Asset is de-recognised on disposal or when no future economic benefits are expected from it. Then gain or loss arising from de-recognition of such Intangible Asset is included in the Income Statement when the item is de-recognised.

Useful Economic Life and Amortisation

Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. Since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years.

	2021 LKR'000	2020 LKR'000
Cost	120,391	108,798
Accumulated Amortisation and Impairment	(67,204)	(44,724)
Net Book Value	53,187	64,074

Cost (LKR'000)	Software		
	In - Use	WIP	Total
As at 1st January 2020	101,479	-	101,479
Additions	7,319	-	7,319
As at 31st December 2020	108,798	-	108,798
Additions	3,617	7,976	11,593
As at 31st December 2021	112,415	7,976	120,391

Accumulated Amortisation and Impairment (LKR'000)	Software		
	In - Use	WIP	Total
As at 1st January 2020	23,114	-	23,114
Amortisation charge for the year	21,610	-	21,610
As at 31st December 2020	44,724	-	44,724
Amortisation charge for the year	22,480	-	22,480
As at 31s December 2021	67,204	-	67,204

7.1 Nature of Intangible Assets

Intangible Assets consist of computer software which are in use and to be used for normal business activities.

7.2 Title Restriction on Intangible Assets

There were no restrictions on title of Intangible Assets as at the reporting date.

7.3 Assessment of Impairment of Intangible Assets

The Board of Directors has assessed the potential impairment indicators of Intangible Assets as at 31st December 2021. Based on the assessment, no impairment indicators were identified for the year 2021.

Notes to the Financial Statements

8 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

The Company applies the requirements of the Sri Lanka Accounting Standard LKAS 16: Property, Plant and Equipment in accounting for its assets which are held for and used in the provision of services or for administrative purposes and are expected to be used for more than one year.

Basis of Recognition

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and if the cost of the asset can be reliably measured.

Basis of Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Cost Model

The Company applies the cost model to Property, Plant and Equipment except for freehold land and buildings and records them at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Company applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings of the Company are revalued every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Other Comprehensive Income. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Income Statement or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the Revaluation Reserve in respect of an asset is transferred directly to Retained Earnings on retirement or disposal of the asset.

Subsequent Cost

The subsequent cost of replacing a component of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The costs of day to day servicing of Property, Plant and Equipment are charged to the Income Statement as incurred. Costs incurred in using or redeploying an item are not included under the carrying amount of an item.

Depreciation

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation is calculated by using the straight-line method on the cost of all Property, Plant and Equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets.

The estimated useful lives of Property, Plant and Equipment are as follows:

The Class of Tangible Assets	Percentage per annum	Useful life
Buildings	2.50%	40 years
Improvements on buildings under lease	10% - 20%	5-10 years
Equipment	25%	04 years
Furniture and fixtures	20%	05 years
Motor vehicles	25%	04 years

After the recognition of an impairment loss, the depreciation charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), using a straight-line method over its remaining useful lives.

Useful lives, depreciation method and residual amounts of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively if appropriate. Such a review takes into consideration the nature of the assets, their intended use including but not limited to the closure of operations and the evolution of the technology and competitive pressures that may lead to technical obsolescence.

De-recognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of Property, Plant and Equipment which is calculated as the difference between the carrying amount and the net disposal proceeds is included in the Income Statement when the item is derecognised.

When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

	Note	2021 LKR'000	2020 LKR'000
Cost or Valuation	8.1	512,426	518,685
Accumulated Depreciation and Impairment	8.2	(254,876)	(163,713)
Net Book Value		257,550	354,972
Carrying Amounts of:			
Land and Building		17,974	63,286
Improvements to Building under Lease		167,865	143,782
Equipment		55,060	83,727
Furniture and Fittings		14,580	60,724
Motor Vehicles		2,071	3,453
		257,550	354,972

Notes to the Financial Statements

8.1 Cost or Valuation

	Land and Building	Improvements to Building under Lease	Equipment	Furniture and Fittings	Motor Vehicles	Total
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
As at 1st January 2020	83,863	180,122	145,490	90,732	22,000	522,207
Additions		11,472	17,075	3,519	5,524	37,590
Transfers from Investment Properties (Note 5)	2,118	-	-	-	-	2,118
Disposals	(21,230)	-	-	-	(22,000)	(43,230)
As at 31st December 2020	64,751	191,594	162,565	94,251	5,524	518,685
Additions	-	16,495	14,571	8,655	-	39,721
Transfers	-	41,267	-	(41,267)	-	-
Disposals	(45,980)	-	-	-	-	(45,980)
As at 31st December 2021	18,771	249,356	177,136	61,639	5,524	512,426

8.2 Accumulated Depreciation

	Land and Building	Improvements to Building under Lease	Equipment	Furniture and Fittings	Motor Vehicles	Total
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
As at 1st January 2020	1,265	16,606	40,128	16,130	5,576	79,705
Depreciation charge for the Year	684	31,206	38,710	17,397	6,183	94,180
Disposals	(484)	-	-	-	(9,687)	(10,171)
As at 31st December 2020	1,465	47,812	78,838	33,527	2,072	163,714
Depreciation charge for the Year	422	33,679	43,238	13,532	1,381	92,252
Disposals	(1,090)	-	-	-	-	(1,090)
As at 31st December 2021	797	81,491	122,076	47,059	3,453	254,876

Net Book Value

As at 31st December 2020	63,286	143,782	83,727	60,724	3,452	354,972
As at 31st December 2021	17,974	167,865	55,060	14,580	2,071	257,550

8.3 Valuation of Land and Building

The Land and Building referred to in Note 8 above are at revalued prices. The assumptions used for the fair valuation and fair values are as disclosed in Note 5.

8.4 Temporarily Idle Property, Plant and Equipment

There were no idle Property, Plant and Equipment as at 31st December 2021.

8.5 Title Restriction on Property, Plant and Equipment

There were no restrictions on title or Property, Plant and Equipment pledged as security for liabilities during the year.

8.6 Capitalisation of Borrowing Costs

There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year.

8.7 Assessment of Impairment of Property, Plant and Equipment

The Board of Directors has assessed the potential impairment indicators of Property, Plant and Equipment as at 31st December 2021.

Based on the assessment, no impairment indicators were identified during the year 2021.

8.8 Fully Depreciated Property, Plant and Equipment in Use

There were no fully depreciated Property, Plant and Equipment in use as at 31st December 2021 (2020 - LKR 48 million).

Notes to the Financial Statements

9 LOANS TO LIFE POLICYHOLDERS AND OTHERS

	2021 LKR'000	2020 LKR'000
Loans recoverable from Life Policyholders	264,260	256,659
Loans given to Staff	68,610	82,413
Total Policyholder and Other Loans	332,870	339,072

10 REINSURANCE RECEIVABLES

	2021 LKR'000	2020 LKR'000
Reinsurance Receivable on Outstanding Claims	52,051	38,762
Total Reinsurance Receivables	52,051	38,762

11 PREMIUM RECEIVABLES

ACCOUNTING POLICY

Premium receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or to be received. The carrying value of premium receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment losses on premium receivables are the difference between the carrying amount and the present value of the estimated discounted cash flows. The impairment losses are recognised in the Income Statement. Premium receivables are de-recognised when the de-recognition criteria for financial assets have been met.

	2021 LKR'000	2020 LKR'000
Premium Receivables	152,377	102,152
Total Premium Receivables	152,377	102,152

Premium Receivables as disclosed above include amounts that are over due at the end of the reporting period. The allowance has been recognised for impairment loss where the receivables are beyond the extended credit period.

12 OTHER ASSETS

ACCOUNTING POLICY

Other assets include Other Debtors and Receivables, Advances, Deposits, Prepayments, Taxation Receivable, Inventory and Amounts Receivable from Related Companies.

(a) Advances, Deposits and Prepaid Expenditure

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

(b) Taxation Receivable

Taxation receivable is recognised at recoverable amount less impairment loss.

(c) Inventories

Inventories include all consumable items that are stated at the lower of cost and net realisable value.

(d) Other Debtors and Amounts Receivable from Related Companies

Other debtors and dues from related parties are recognised at cost less allowances for bad and doubtful receivables.

Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

	Note	2021 LKR'000	2020 LKR'000
Other Debtors and Receivables		45,216	224,198
Advances, Deposits and Prepayments		26,258	35,890
Tax Receivable	12.1	189,468	204,637
Inventory		10,841	7,202
Total Other Assets		271,783	471,927

12.1 Tax Receivable

	2021 LKR'000	2020 LKR'000
Current Tax Assets		
Withholding Tax Recoverable	120,622	124,118
VAT Recoverable	68,846	80,519
	189,468	204,637

Notes to the Financial Statements

13 CASH IN HAND AND BALANCE AT BANK

ACCOUNTING POLICY

Cash and cash equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash in hand and deposits in the banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents. In the Consolidated Statement of Financial Position, the bank overdrafts are shown within borrowings under current liabilities.

	2021 LKR'000	2020 LKR'000
Cash and Bank Balances (Note 13.1)	404,634	282,891
	404,634	282,891

13.1 In the preparation of the Statement of Cash Flows, Cash and Cash Equivalents include Cash in Hand and Balance at Bank net of outstanding Bank Overdrafts. Cash Equivalents at the end of the Financial Year as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2021 LKR'000	2020 LKR'000
Cash and Bank Balances	404,634	282,891
Bank Overdraft	(95,952)	(130,192)
Net Cash and Cash Equivalents at the Year End	308,682	152,699

14 STATED CAPITAL

	2021 LKR'000	2020 LKR'000
Stated Capital of the Company	4,853,752	4,853,752
Number of Fully paid Ordinary shares as at year end ('000)	226,526	226,526

15 REVENUE RESERVES

15.1 Retained Earnings

	2021 LKR'000	2020 LKR'000
Balance as at 1st January	3,614,522	2,855,197
Profit for the Year	876,174	759,325
Actuarial Gains on Defined Benefit Plans	(17,007)	(3,279)
Transfers to Life Insurance fund	17,007	3,279
Dividend paid to equity holders for the year 2020	(453,052)	-
Balance as at 31st December	4,037,644	3,614,522

15.2 Available For Sale Reserve

	2021 LKR'000	2020 LKR'000
Balance as at 1st January	(236,889)	110,676
Changes in fair value of Available For Sale Assets	135,080	(347,565)
Balance as at 31st December	(101,809)	(236,889)

15.3 Available For Sale Reserve - Life Policy Holders

	2021 LKR'000	2020 LKR'000
Balance as at 1st January	39,936	(48,821)
Changes in Fair Value of Available For Sale Assets	90,882	(5,917)
Net Realised Gains Transferred to Income Statement	(171,301)	-
Impairment of Available For Sale Financial Assets transferred to the Income Statement	-	94,674
Balance as at 31st December	(40,483)	39,936

Notes to the Financial Statements

16 RESTRICTED REGULATORY RESERVE

	2021 LKR'000	2020 LKR'000
Change in contract liability due to transfer of One-off Surplus	1,795,829	1,795,829
Balance as at 31st December	1,795,829	1,795,829

16.1 The one-off Surplus is defined as the excess of total policy liabilities under the NPV regime as at 31st December 2015 over the total policy liabilities under the RBC regime as at 1st January 2016 where, the total policy liabilities under NPV regime is computed as per the solvency basis, which is the same as minimum regulatory basis. The total policy liabilities under RBC regime is computed as per the distribution basis. Under the distribution basis, we have used the risk free rate for discounting of liabilities, zeroised liabilities at a product level and valued the Universal Life Portfolio and the Optional Rider Portfolio using GPV methodology. Further, we have reported Total Benefits Liability for the Participating portfolio under the Distribution basis. The distribution basis is more prudent compared to the Solvency basis (defined in the Solvency Margin Risk Based Capital Rules 2015 RBC guide lines).

16.2 The distribution of One-off Surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the Insurance Regulatory Commission of Sri Lanka (IRCSL) and can only be released upon receiving approval from the IRCSL. The One-off Surplus in the Shareholder Fund (SHF) will remain invested in assets in note 4(e) as per the directions of IRCSL.

16.3 Composition of Investments supporting the Restricted Regulatory Reserve

Subsequent to the transfer of One-off Surplus from the Policyholder Fund other than the Participating business to the Shareholder Fund the Company will maintain investments in "Government Debt Securities" and "Deposits with Banks and Financial Institutions" to fully support the amount of One-off Surplus at any given time on a market value basis. The composition of those investments are represented below.

Security Category	Market Value	Composition
Government Debt Securities	427,829	0.05%
Placements with Banks and Financial Institutions	1,368,000	99.95%
	1,795,829	100%

17 INSURANCE LIABILITY - LIFE

ACCOUNTING POLICY

Product Classification

Insurance contracts

According to Sri Lanka Accounting Standards SLFRS 4, Insurance Contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. The Company determines whether it has significant insurance risk, by comparing benefits paid against benefits payable if the insured event did not occur.

Investment Contracts

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or

rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Subsequent Classification and Reclassification

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if the insurance risk becomes significant. All of the insurance policies issued by the Company transfer significant insurance risk and have been classified as insurance contracts in accordance with SLFRS 4: Insurance Contracts. The Company does not have any investment contracts as the reporting date.

Insurance contracts with Discretionary Participating Features (DPF)

Certain insurance and investment contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- That are likely to be a significant portion of the total contractual benefits.
- Whose amount or timing is contractually at the discretion of the Company.
- That are contractually based on:
 - The performance of a specified pool of contracts or a specified type of contract.
 - Realised and/or Unrealised investment returns on a specified pool of assets held by the Company.or
 - The Income Statement of the company, fund or other entity that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders). The amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the relevant appointed actuary.

Insurance Contract Liabilities

Life Insurance Contract Liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used.

The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.

Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet being reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the Income Statement. Profits originating from margins of adverse deviations on run-off contracts are recognised in the Income Statement over the life of the contract, whereas losses are fully recognised in the Income Statement during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

Notes to the Financial Statements

Liability Adequacy Test - Life Insurance Contract Liabilities

At each reporting date, an assessment is made of whether the recognised long-term business provisions are adequate using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognised in the Income Statement by creating an additional provision in the Statement of Financial Position as required by SLFRS 4: Insurance Contracts.

According to the Section 67(2) of new Inland Revenue Act No.24 of 2017 which is effective from 1st April 2018, the surplus distributed to a life insurance policyholder who shares the profit of a person engaged in the business of a 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.

Long duration contracts included in the Life Insurance Fund result primarily from traditional Participating and Non-Participating Life Insurance products. Short duration contract liabilities are primarily accident and health insurance products. The insurance provision has been established based on the following criterias.

- Interest rates which vary by product and year of assurance.
- Mortality rates based on published mortality tables adjusted for actual experience by geographic area and modified to allow the variations in policy form.
- Surrender rates based upon actual experience by geographic area and modified to allow for variation in policy form.

The amount of policyholder bonus to be paid is determined annually by the Company on the recommendation of the Actuary. The bonus includes Life policyholders' share of net income that is required to be allocated by the Insurance Contract or by Insurance Regulations.

Janashakthi Insurance PLC - Insurance Liability - Life

The valuation of the Insurance Liability of Life Insurance Business as at 31st December 2021 was done by M/S K. A. Pandit Consultants & Actuaries, India, for and on behalf of Janashakthi Insurance PLC. In accordance with the Consultant Actuary's report, the total liabilities of the Life Insurance business of the Company as at 31st December 2021 was LKR 12,236 million after taking credit for reinsurance. In the opinion of the Consultant Actuary, the provision is adequate to cover the liabilities pertaining to Life Insurance business.

As recommended by the Consultant Actuary, the Board of Directors have resolved to transfer a sum of LKR 460 million to the Life Shareholders' Fund from the Life Insurance Fund (Non participating) for the year 2021.

Janashakthi Insurance PLC - Insurance Liability - Life

[Former National Insurance Corporation Ltd]

The valuation of the Insurance Liability of Life Insurance Business as at 31st December 2021 was done by M/S K. A. Pandit Consultants & Actuaries, India, for and on behalf of former National Insurance Corporation Ltd. In accordance with the Consultant Actuary's report, the total liabilities of the Life Insurance business of the Company as at 31st December 2021 was LKR 34.56 million.

17.1 An internal assessment has been carried out to assess the Adequacy of the provision of Life Insurance Liabilities in keeping with SLFRS 4 requirement and has determined that existing provision levels are adequate as at 31st December 2021. Accordingly, no further provision or adjustment was deemed as being necessary to be effected.

17.2 Insurance Liability - Life

	2021 LKR'000	2020 LKR'000
Insurance Fund - Life	13,473,701	12,681,780
Claims Outstanding (Note 27)	306,851	321,271
	13,780,552	13,003,051

17.3 The Movement of the Insurance Liability - Life is as follows:

	2021 LKR'000	2020 LKR'000
Insurance Fund - Life		
Balance as at 1st January	12,681,780	11,096,474
Increase in Insurance Liability - Life before Surplus distribution to Shareholders	1,268,928	1,813,585
Actuarial Losses on Defined Benefit Plans	(17,007)	(3,279)
Surplus distributed to Shareholders	(460,000)	(225,000)
Insurance Fund balance as at 31st December	13,473,701	12,681,780

18 RETIREMENT BENEFIT OBLIGATIONS

ACCOUNTING POLICY

Employee Benefits

Defined Contribution Plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Other Comprehensive Income in the periods during which related services are rendered by employees.

Employees' Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively of the salary to the Employees' Provident Fund managed by the Central Bank of Sri Lanka and have no legal or constructive obligation to pay any further amounts.

Employees' Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes 3% of the salaries of each employee to the Employees' Trust Fund.

Defined Benefit Plans

Gratuity is a Defined Benefit Plan. Provision has been made in the accounts for retiring gratuities. An actuarial valuation of the retirement benefit is performed by a qualified actuary as at the date of Statement of Financial Position using the Projected Unit Credit (PUC) method in terms of Sri Lanka Accounting Standards 19 - Employee Benefits. The provision is not externally funded.

Notes to the Financial Statements

Actuarial gains and losses are recognised in full in the period in which they occur in Other Comprehensive Income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to the Income Statement in subsequent periods. The past service cost is recognised as an expense on a straight line basis over the period until the benefits become vested.

However, as per the Payment of Gratuity Act No.12 of 1983, the liability arises only upon completion of five years of continued service.

The actuarial valuation involves making assumptions on the discount rate, salary increment rate and balance service period of the employees. Due to the long term nature of the plans these assumptions and estimates are subject to significant uncertainty.

	2021 LKR'000	2020 LKR'000
Retirement Benefit Obligations - Gratuity		
At 1st January	98,692	106,431
Provision made/(Reversal) during the Year	16,723	22,542
Actuarial Gain on Obligation	(17,007)	(3,279)
Payments during the Year	(9,029)	(27,002)
As at 31st December	89,379	98,692
Expense Recognised in the Income Statement		
Net Interest Cost	7,658	11,175
Current Service Cost	9,065	11,367
Amount recognised in the Income Statement	16,723	22,542
Expense Recognised in the Other Comprehensive Income Statement		
Actuarial Gain recognised for the Period	(17,007)	(3,279)
	(17,007)	(3,279)

As at 31st December 2021, the Gratuity liability of the Company was actuarially valued under the Project Unit Credit Method by M/S K.A. Pandit Consultants & Actuaries, India.

Principal actuarial assumptions used:

	2021	2020
(a) Discount rate	11.70%	7.76%
(b) Salary Increase	8%	7.5%
(c) Attrition rate		
For services up to 4 years	20%	19%
For services of 5 years and above	4%	6%
(d) Retirement Age	60 Years	55 Years

Sensitivity of assumptions used

A one percentage point change in the assumptions used would have the following effects.

	2021 LKR'000	2020 LKR'000
Effect on the defined benefit obligation liability:		
Discount rate		
Increase by one percentage point	(3,461)	(4,736)
Decrease by one percentage point	3,865	5,243
Salary increment		
Increase by one percentage point	3,966	5,206
Decrease by one percentage point	(3,604)	(4,789)
Employee Turnover		
Increase by one percentage point	866	(117)
Decrease by one percentage point	(966)	113
Maturity Analysis of Projected Benefit Obligation: From the Employer		
Projected benefits payable in future years from the date of reporting:		
1st Following Year	33,789	9,790
2nd Following Year	3,040	15,407
3rd Following Year	13,145	10,466
4th Following Year	3,067	6,517
5th Following Year	5,399	8,083
Sum of Years 6 To 10	16,068	32,780
Sum of years 11 and above	14,871	15,649
	89,379	98,692

Notes to the Financial Statements

19 BANK OVERDRAFT

	2021 LKR'000	2020 LKR'000
Bank Overdraft	95,952	130,192
	95,952	130,192

20 OTHER LIABILITIES

ACCOUNTING POLICY

Financial Liabilities

Classification and subsequent measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at Fair Value Through Profit or Loss (Held for Trading or designated at Fair Value Through Profit or Loss) and financial liabilities at amortised cost. Financial liabilities of the Company include amounts due to banks, customer deposits, etc.

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at Fair Value Through Profit or Loss

Financial liabilities at Fair Value Through Profit or Loss include financial liabilities Held for Trading and financial liabilities designated upon initial recognition as Fair Value Through Profit or Loss.

Financial liabilities are classified as Held for Trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities Held for Trading are recognised in the Income Statement. The Company has not designated any financial liabilities upon initial recognition as at Fair Value Through Profit or Loss.

Financial Liabilities at Amortised Cost

Financial liabilities not classified as Fair Value Through Profit or Loss are classified as liabilities at amortised cost. Such financial liabilities are subsequently measured at amortised cost using the EIR method.

Amounts due to the banks are recorded under financial liabilities at amortised cost.

Provisions (excluding Insurance contracts)

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Other Liabilities

Other liabilities include payables to life insurance policyholders (claims payable), Agents/Brokers (commission payable), reinsurers and other creditors (including accrued expenditure). These are stated at their historical values which are deemed to be their fair value.

	2021 LKR'000	2020 LKR'000
Policyholder Advance Payments	280,264	176,684
Agency Commission Payable	169,236	84,631
Government Levies Payable	13,586	9,089
Other Creditors including Accrued Expenses	397,993	326,866
Outstanding Claims - Life Insurance	306,851	321,271
	1,167,930	918,541

21 GROSS WRITTEN PREMIUM

ACCOUNTING POLICY

Income Recognition

Gross Premium

Gross recurring premiums on life and investment contracts with Discretionary Participating Feature (DPF) are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Any premium received in advance is not recorded as revenue at time of receipt but recorded as a liability until the premium is due and transferred to the revenue.

Reinsurance Premiums

Reinsurance Premiums are recognised as an expense on the earlier of the due date or date on which the policy is effective.

	2021 LKR'000	2020 LKR'000
Life Insurance		
First Year Premium	3,385,807	1,917,029
Renewal Premium	2,075,085	1,902,788
Total Life Premium	5,460,892	3,819,817

22 FEE AND COMMISSION INCOME

ACCOUNTING POLICY

Policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed.

	2021 LKR'000	2020 LKR'000
Policy Fees	31,204	26,132
Profit Commission	71,195	24,514
	102,399	50,646

Notes to the Financial Statements

23 INVESTMENT INCOME

ACCOUNTING POLICY

Income Recognition

Interest Income

Interest income is recognised within 'investment income' in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

Dividend Income

Dividend Income is recognised when the Company's right to receive the payment is established. For equity securities this is the ex-dividend date.

	2021 LKR'000	2020 LKR'000
Financial Assets at Fair Value Through Profit or Loss		
Interest Income	498,110	596,109
Dividend Income	58,288	2,920
Available For Sale Financial Assets		
Interest Income	245,306	75,397
Dividend Income	95,141	54,738
Loans and Receivables Interest Income	1,030,907	1,129,746
Total Investment Income	1,927,752	1,858,910

24 NET REALISED GAINS/(LOSSES)

ACCOUNTING POLICY

Income Recognition

Realised gains and losses on investments recorded in the Income Statement, include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on the occurrence of the sales transaction.

	2021 LKR'000	2020 LKR'000
Financial Assets at Fair Value Through Profit or Loss Assets		
Equity Securities	69,387	40,366
Government Securities	(19,409)	232,621
Available For Sale Financial Assets		
Equity Securities	185,161	-
Investment in Debentures	-	12,335
Loans and Receivables		
Investment in Debentures	-	8,549
Total Net Realised Gains	235,139	293,871

25 FAIR VALUE GAINS/(LOSSES)

	2021 LKR'000	2020 LKR'000
Gain on Fair Valuation of Investment Properties	55,254	20,589
Fair Value (Loss)/Gain on Financial Assets at Fair Value Through Profit or Loss	(544,208)	289,073
Impairment of Available For Sale Financial Assets transferred to the Income Statement	-	(94,674)
Total Fair Value Gains/(Losses)	(488,954)	214,988

Impairment of Available For Sale Financial Assets transferred to Statement of Profit or Loss - Equity

The Company assesses at each reporting date, whether there is objective evidence that an investment is impaired. In the case of equity investments classified as Available For Sale, objective evidence includes: A 'significant' or 'prolonged' decline in the fair value of the investment below its cost and/or other information about the issuer that may negatively affect an equity issuer's performance. Based on the assessment, no impairment indicators were identified during the year 2021. (Impairment of Available For Sale Financial Assets transferred to the Income Statement for the year 2020 is LKR. 94.67 Million).

26 OTHER OPERATING REVENUE

ACCOUNTING POLICY

Other income is recognised on an accrual basis and it includes profit on disposal of Property, Plant and Equipment/Investment Property, rent income etc.

	2021 LKR'000	2020 LKR'000
Rent Income	128,937	150,039
Late Fee Recovery	1,345	1,076
Sundry Income	20,068	21,310
Gain on Disposal of Fixed Assets	851	4,276
(Loss)/Gain on Disposal of Investment Property	(8,439)	2,935
	142,762	179,636

Notes to the Financial Statements

27 INSURANCE CLAIMS AND BENEFITS

Benefits, Claims and Expenses recognition

Life Insurance

Claims of Life Insurance include claims on death or maturity and are charged against revenue on notification of death or on expiry of the term. Claims on Participating business include bonus payable and interest.

Survival benefit payments are recognised on the due date or on notification and surrenders are accounted for only at the time of settlement.

Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

	2021 LKR'000	2020 LKR'000
27.1 Gross Benefits and Claims Paid		
Life Insurance Contracts	(2,217,846)	(1,836,424)
Total Gross Benefits and Claims Paid	(2,217,846)	(1,836,424)
27.2 Claims Ceded to Reinsurers		
Life Insurance Contracts	96,275	80,143
Total Claims Ceded to Reinsurers	96,275	80,143
27.3 Gross Changes in Claim Liabilities		
Changes in Life Insurance Claim Liabilities	(26,058)	(11,638)
Total Gross Change in Claim Liabilities	(26,058)	(11,638)
27.4 Changes in Contract Liabilities Ceded to Reinsurers		
Changes in Life Insurance Contract Liabilities	13,382	9,694
Total Change in Contract Liabilities Ceded to Reinsurers	13,382	9,694
Net Benefits and Claims	(2,134,247)	(1,758,225)

28 UNDERWRITING AND NET ACQUISITION COST

	2021 LKR'000	2020 LKR'000
Commission Expenses for Insurance Contracts	1,486,708	673,154
Staff Cost - Marketing	377,778	187,704
	1,864,486	860,858

29 OTHER OPERATING AND ADMINISTRATION EXPENSES

	Note	2021 LKR'000	2020 LKR'000
Staff Expenses	29.1	432,790	387,990
Administration and Establishment Expenses		428,483	379,470
Selling Expenses		137,584	120,503
Government Levies		12,807	7,650
Depreciation and Amortisation		114,730	115,787
Others		36,901	21,048
		1,163,294	1,032,448

29.1 Staff Expenses

	2021 LKR'000	2020 LKR'000
Wages and Salaries	297,187	273,973
Compulsory Social Security Contributions	45,742	43,999
Contribution to Defined Contribution Plans	735	29,674
Allowances	-	-
Bonuses	47,205	6,490
Other Expenses	41,921	33,854
	432,790	387,990

30 FINANCE COST

	2021 LKR'000	2020 LKR'000
Interest Expense on Bank Overdrafts	38	130
Interest Expense on Lease Creditor	34,706	38,169
	34,744	38,299

Notes to the Financial Statements

31 PROFIT BEFORE TAX

The Profit Before Tax for the year is stated after charging the following expenses.

	2021 LKR'000	2020 LKR'000
Auditors' Remuneration (Fees and Expenses)		
Audit	2,090	1,900
Non Audit	-	970
Legal Fees	73,924	33,939
Depreciation and Amortisation	114,730	115,787
Directors' Emoluments	9,074	1,825

32 INCOME TAX EXPENSE

ACCOUNTING POLICY

Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in these Financial Statements.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of previous years.

From 1st April onwards the gains and the profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No.24 of 2017 and amendments thereto. As per this section, the gains and profits on which tax is payable is the aggregate of:

- Surplus distributed to shareholders from the Life Insurance Policyholders Fund as certified by the actuary at the rate of 24%.
- Investment income of the shareholder fund less any expenses incurred in the production of such income at the rate of 24%.
- Surplus distributed to the Life Insurance policyholder who shares the profits of a person engaged in the business of life insurance at the rate of 14%.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in Equity or Other Comprehensive Income is recognised in Equity or Other Comprehensive Income and not in the Income Statement.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred Tax

Deferred Tax is recognised using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the Statement of Financial Position and the values attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unutilised tax credits and tax losses, carried forward to the extent that it is probable that taxable profits will be available against such deductible temporary differences and the tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realised or the liability is settled, based on tax rates proposed and tax laws that have been enacted or substantively enacted at the reporting date. Changes in deferred tax as a result of changes in tax rates are also recognised in the Income Statement.

For the Year Ended 31st December	2021 LKR'000	2020 LKR'000
Current Tax Charge		
Income Tax on Current Year's profits	-	-
Write off of tax credits	-	(5,301)
(Over)/Under Provision for the Prior Year	-	-
	-	(5,301)
Deferred Income Tax		
Deferred Tax related to the Current Year	(303,164)	(256,285)
Total Income tax (expense)/income recognised in the current year	(303,164)	(261,586)

32.1 The Income tax expense for the year can be reconciled to the accounting profit as follows:

	2021 LKR'000	2020 LKR'000
Accounting Profit Before Tax	1,179,338	1,020,911
Income Tax Expense	(283,041)	(285,855)
Write off of Tax Credits	-	(5,301)
Effect on Exempt Gains	10,300	7,009,278
Effect on Aggregate Disallowable Expenditure	(30,423)	(6,979,708)
	(303,164)	(261,586)

32.1.1 Retrospective Application of Income Tax Legislations

The income tax rate of 28% was reduced to 24% retrospectively with effect from 01 January 2020 with the legalisation of the Inland Revenue (Amendment) Act, No. 10 of 2021 during the current period. Both income tax and deferred tax provisions for the year ended 31st December 2020 were calculated at the rate of 28% on the basis that the said amendment was not considered to be 'substantially enacted' as at 31st December 2020 as per LKAS 12.

Accordingly, the Company has applied 24% for the computation of current and deferred tax for the year ended 31st December 2021. Further, the current tax liability for taxable period commencing on or after 1st January 2020 and the net deferred tax asset outstanding as at 31st December 2020 were also reassessed at 24%. As such, the Company accounted for current tax and deferred tax for the year 2021 in accordance with the guideline issued by CA Sri Lanka on the 'Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12' dated 23rd April 2021.

Notes to the Financial Statements

32.2 Tax Loss Analysis

	2021 LKR'000	2020 LKR'000
Balance as at 1st January	3,867,681	4,698,044
Tax Losses Utilised During the Year	(1,133,966)	(830,363)
Balance as at 31st December	2,733,715	3,867,681

32.3 Deferred Taxation

As at the date of the Statement of Financial Position, the Company has deferred tax assets arising from carried forward tax losses.

	2021 LKR'000	2020 LKR'000
Deferred Tax Asset	656,093	959,255
	656,093	959,255

33 BASIC EARNINGS PER SHARE

ACCOUNTING POLICY

The Company presents basic Earnings Per Share (EPS) based on profit or loss attributable to the ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	2021 LKR'000	2020 LKR'000
Amount Used as the Numerator		
Net Profit Attributable to Equity holders	876,174	759,325
Number of Ordinary Shares Used as Denominator		
Weighted Average Number of Ordinary Shares in Issue	226,526	226,526
Basic Earnings Per Share (LKR)	3.87	3.35

34 DIVIDEND PER SHARE

34.1 Proposed Dividend

ACCOUNTING POLICY

Dividends declared by the Board of Directors after the reporting date is not recognised as a liability in the Financial Statements but is disclosed as a note to the Financial Statements. Provision for dividend is recognised at the time the Shareholders approve the proposed dividend at the Annual General Meeting.

	2021	2020
Proposed Dividend per Share - Final (Rs.)	2.3	2

	2021 LKR'000	2020 LKR'000
Weighted Average Number of Ordinary Shares in Issue	226,526	226,526
Proposed Dividends to Shareholders	521,010	453,052

Compliance with the Section 56 and 57 of the Companies Act No. 7 of 2007

According to Section 56 of Companies Act, No. 07 of 2007, the recommendation of the Dividend distribution for the year ended 31st December 2021 was authorised by the Board of Directors of the Company where the Company has satisfied the Solvency Test in accordance with Section 57 of Companies Act, No. 07 of 2007. The statement of solvency is duly prepared and signed by the Directors on 31st March 2022 and has been audited by Ernst & Young Sri Lanka.

34.2 Dividend Paid During the Year

	2021	2020
Dividend per Share - Final (Rs.)	2	-

	2021 LKR'000	2020 LKR'000
Weighted Average Number of Ordinary Shares in Issue	226,526	226,526
Dividend Paid for the Year 2020	453,052	-

Notes to the Financial Statements

35 RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard 24 "Related Party Disclosures". This note provides details of the Company's ("Janashakthi Insurance PLC") related parties and the transactions which have taken place between the Company and its related parties.

(a) Transactions with the Ultimate Controlling Party of the Company.

Janashakthi Limited is the parent/ultimate controlling party of Janashakthi Insurance PLC. Dunamis PLC amalgamated with Janashakthi Limited effectively from 6th December 2019. The Company has transactions with its parent as follows:

Recurrent Transactions - For the year ended 31st December

Nature of Transaction	2021 LKR'000	2020 LKR'000
Recurrent Transactions		
Insurance Premium Received	1,157	-
Claims Paid	318	-
Investment in Corporate Debts	500,000	500,000
Interest on Corporate Debts	64,498	10,692
Interest on Corporate Debts (Former Dunamis PLC)	-	8,751
Corporate Gurantee	350,000	350,000

The pricing, terms and conditions applicable to transactions with Janashakthi Limited mentioned above are similar to those applicable to arms length transactions between Janashakthi Insurance PLC and its unrelated customers.

(b) Transactions with the Other Related companies of the Company.

Recurrent Transactions - For the year ended 31st December 2021.

First Capital Holdings PLC & related companies

Nature of Transaction	2021 LKR'000	2020 LKR'000
Insurance Premium	3,996	3,556
Claims paid	9,359	601
Investment in Corporate Debts	260,000	175,000
Interest on Corporate Debts	33,001	20,642

Management of Company Investment Portfolio

The Company (Janashakthi Insurance PLC) has outsourced the management of its' Investment Portfolio to First Capital Asset Management Limited from year 2020.

The fee structure agreed with First Capital is as follows:

Structure	LKR Mn	Remarks
Fixed Fee	10 p.a.	Payable monthly in equal instalments
Performance Based	25 p.a.	Based on fund performance, capped at LKR 25 Mn

Orient Finance PLC

Nature of Transaction	2021 LKR'000	2020 LKR'000
Insurance Premium	24,685	13,065
Claims paid	4,566	4,150
Rent Income	17,995	19,262

Kelsey Developments PLC and Related Companies

Nature of Transaction	2021 LKR'000	2020 LKR'000
Insurance Premium	1,084	853
Claims paid	711	3,088

Janashakthi Corporate Services Limited

Nature of Transaction	2021 LKR'000	2020 LKR'000
Insurance Premium	-	76
Secretarial Fees	189	534

The pricing, terms and conditions applicable to transactions with Other Related Parties mentioned above are similar to those applicable to arms length transactions between Janashakthi Insurance PLC and its unrelated customers.

(c) Transactions with Key Management Personnel (KMP) of the Company.

According to the Sri Lanka Accounting Standards LKAS 24: Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the Janashakthi Insurance PLC. Accordingly, the Directors of the Company have been classified as KMP of the Janashakthi Insurance PLC. The close members of the family of a KMP are those family members who may be expected to influence or be influenced by, that KMP in their dealings with Janashakthi Insurance PLC.

- The Directors' fee for the period ended 31st December 2021 amount to LKR 9.074 million.
- The Deputy Chairman of the Company was provided with a Company maintained vehicle for official use.
- There are no post-employment benefits or termination benefits linked to the remuneration of the Directors.

Notes to the Financial Statements

36 ASSETS PLEDGED

The following assets have been pledged as security against liabilities.

Nature of Asset	Nature of Liability	Amount 2021 LKR Mn	Amount 2020 LKR Mn	Included Under
Fixed Deposits	Pledged against Bank Guarantees	50	-	Investment of shareholder

37 COMMITMENTS AND CONTINGENCIES

37.1 In the opinion of the Directors in consultation with the Company's Lawyers and advisors, litigation and claims currently pending against the Company will not have material impact to the reported financial results or future operations of the Company.

All pending litigations for claims have been evaluated and adequate provisions have been made in the Financial Statements.

37.2 Contingent Liabilities

ACCOUNTING POLICY

Contingent Liabilities are possible obligations that may arise only on the occurrence of uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed as a Note to the Financial Statements unless its occurrence is remote.

Outstanding Tax Assessment

The Department of Inland Revenue (IRD) has issued assessments in relation to the years 2003, 2004 & 2005 imposing VAT on reinsurance commissions and claim recoveries. The Company has filed cases in the Court of Appeal with the consultation of Tax Consultant and the Company's lawyers. As such no provisions are made in the Financial Statements for the taxes in dispute and penalties. The status of each case is provided in the below table.

Year of Assessment	Status of Assessment (VAT on RI)
2002/2003	An appeal to tax appeals commission (TAC) has been made against the determination made by the commissioner general of inland revenue (CGIR). Appeal is pending before Courts with parties having filed written submissions on the application by the CGIR to amend questions of law raised before Court. The impact on contingent liability is LKR 26 million.
2004/2005	The company made the application at Court of Appeal seeking its opinion which has been decided in IRD's favour previously. Then the Company appealed to Supreme Court against the Court of Appeal order. Judgement was delivered by Supreme Court in favour of Janashakthi Insurance PLC and the CA judgement was set aside. The matter was reverted to Court Appeal to rehear based on the SC judgement. The impact to the contingent liability is assessed as LKR 489 million.
Year of Assessment	Status of Assessment (I - E)
2010/2011	The Company being dissatisfied with the determination of the TAC requested the TAC to state a case at a court of law for its opinion on several questions of law with regard to the above said determination on the assessment for the period 2010/2011. Case is currently at Courts.
2011/2012	The appeal to TAC is made by the Company against the CGIR's determination on the Income Tax payable for the period of 2011/2012. TAC delivered the order in favour of IRD. The Company being dissatisfied with the determination of the TAC requested the TAC to state a case at a court of law. Case is currently at Courts.

Arbitration with Allianz SE Singapore Branch

An arbitration was initiated by Allianz SE Singapore Branch (Allianz) alleging reinsurance fraud and violation of certain warranties of the share sale and purchase agreement entered into by the Company and Allianz in relation to the sale of Janashakthi General Insurance Ltd. Allianz has provisionally quantified the claim for the sum of S\$3.4 million. The matter is presently pending at the Singapore International Arbitration Centre.

Further Janashakthi Insurance PLC has given a tax indemnity to the purchaser with respect to the sale of its subsidiary Janashakthi General Insurance Limited (JGIL). IRD has issued Tax Assessments for JGIL for the years 2015/16, 2016/17 & 2017/18 and the present value of the contingent liability is estimated to be LKR 539 million.

The Company has also received assessments relating to Income Taxes for the years of assessment of 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2016/17 and 2017/18 where by the Department of Inland Revenue has disallowed management expenses relating to the Life Insurance Business including capital allowance. The Company has appealed against the assessments. The appeals had been filed following due process. Further, these Income Tax Assessments have been common Assessments for all Life Insurance Companies in the insurance industry. It is the view of the industry and the Company's Tax Consultant that these assessments will not materialise. Therefore, no additional provisions has been made in the Financial Statements.

The status of each Income Tax Assessment is provided in the below table.

Year of Assessment	Status of Assessment	Nature of Contingent Impact to the Company	Measurement of Contingent Impact to the Company
2010/2011	Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 48 million.
2011/2012	Following a determination by the TAC in favour of the Commissioner General of Inland Revenue, the Company has appealed to the Court of Appeal.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 65 million.
2012/2013	Pending Decision from Tax Appeals Commission.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 95 million.
2013/2014	Pending Decision from Tax Appeals Commission.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 192 million.
2014/2015	Pending Decision from Tax Appeals Commission.	Loss Adjustment (Decrease in Brought Forward Tax Loss) and Additional Tax Liability.	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 203 million.
2016/2017	Pending Decision from Tax Appeals Commission.	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 183 million.
2017/2018	Notice of Assessment was received and an appeal lodged.	Loss Adjustment (Decrease in Brought Forward Tax Loss).	Loss Adjustment (Decrease in Brought Forward Tax Loss) Tax loss reduced by LKR 172 million.

Notes to the Financial Statements

38 TRANSFER PRICING

Provision on transfer pricing under sections 104 and 104A of the Inland Revenue Act, No.10 of 2006 covers the transactions with associated undertakings since compliance reporting is enforced from the year of assessment 2015/16.

“During the financial year, certain transactions including provisions of insurance solutions have taken place with the associated enterprises. Company is of the view that the transactions with the associated enterprises have taken place at arms length pricing”.

As the aggregate value of transactions of each company with the associated undertaking is more than LKR 200 million, both companies are required to maintain separate documentation as prescribed by Transfer Pricing Regulations issued by Inland Revenue Department (IRD). The companies have prepared and maintained the relevant documentation and filings to comply with transfer pricing regulations.

39 EVENTS OCCURRING AFTER THE REPORTING DATE

ACCOUNTING POLICY

Events after reporting periods are those events, favourable or unfavourable, that occur between the reporting date and the date when Financial Statements are authorised for issue.

The Directors give due consideration to and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post Statement of Financial Position events as appropriate.

Proposed Dividend

Dividends declared by the Board of Directors after the reporting date is not recognised as a liability in the Financial Statements but is disclosed as a note to the Financial Statements. Refer Note No 34.

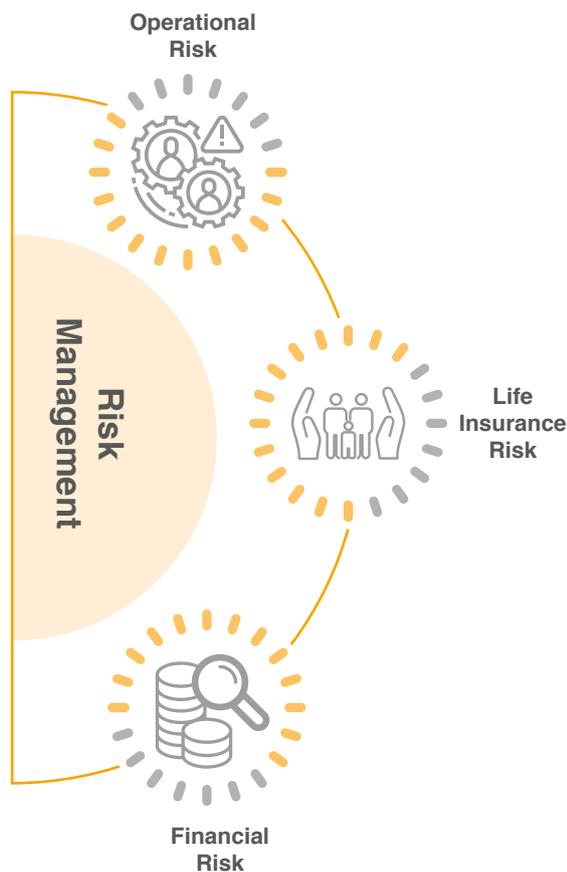
Any other material event has not occurred that needs to be adjusted or disclosed in the Financial Statements other than the events disclosed above.

Risk Management

RISK MANAGEMENT REVIEW

Risk Management is a process that allows individual risk events and overall risk to be understood and managed proactively, optimizing success by minimizing threats and maximizing opportunities. The Company's risk framework and the management of the risk, including those attached to the Company's Financial Statements including financial assets, financial liabilities and insurance liabilities, together with the inter-relationship with the management of capital have been included in the Company Risk and Compliance Officer's Report on the risks facing our business and how these are managed.

The financial and insurance assets and liabilities on the Company's balance sheet are to varying degrees, subject to market and insurance risk and other changes of experience assumptions that may have a material effect on IFRS/SLFRS basis profit or loss and shareholders' equity. The market and insurance risks, including how they affect Company's operations and how these are managed are discussed in the Risk report referred to above. Following note provides the detail discussion about risk as a whole in a Company according to SLFRS 7 and SLFRS 4.



RISK POLICY

The Risk Policy specifies the Company's risk tolerance, risk limits and authorities, reporting requirements, procedures to approve any exceptions and procedures for referring risk issues to the Board Audit Committee (BAC) and the Board of Directors.

RISK CULTURE

Janashakthi promotes a strong Risk Culture, encourages risk awareness and understanding of controls by way of clear communication and training. Every employee is responsible for managing risks in his/her working environment and is accountable for the implementation and oversight of risk policies.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board considers Risk Management and Internal Controls as integral to the Management of the Company and its business processes. The Board has overall responsibility for the Company's Risk Management and Internal Controls, in particular for their adequacy and integrity. The Company's Internal Control System increases the reliability of its financial reporting, makes operations more effective, and aims to ensure legal and regulatory compliance. Management, as the first line of defence, is responsible for identifying, evaluating and addressing significant risks, and designing, implementing and maintaining mitigating strategies and internal controls.

VISION

To enhance the value of Janashakthi by embedding a disciplined risk management culture, ensuring risk-reward trade-offs are transparent, understood and risks taken are appropriately rewarded.

OBJECTIVES

- Enhance value creation, contributing to an optimal risk-return profile by providing the basis for efficient capital deployment
- Protect the capital base by continuous monitoring to ensure that risks are not taken beyond the Company's risk tolerance levels
- Transferring, minimising and mitigating risks
- Support decision making process by providing consistent, reliable and timely risk information
- Protect the Company's reputation and brand by promoting a sound culture of risk awareness and informed risk taking
- Integrating risk management with strategy development

Risk Management

RISK MANAGEMENT FRAMEWORK

1. Governance Framework

Governance Framework act as a supporting structure to entity management and compliance by providing the trunk from which the various branches of compliance operations can grow. It is through governance that companies and other organisations stay on the right side of regulators, not just in terms of filing requirements, but in terms of such aspects as Company culture, remuneration methods and transparency of operations.

The primary objective of the Company's financial risk management is to manage financial risks within its risk appetite and provide reasonable assurance on the achievement of financial objectives.

This framework span across the Company with clear objectives, duties and responsibilities specified at each level. Overall responsibility for establishment and oversight of the risk management framework popped-up by the Board of Directors and the Board Audit Committee. Then developing, facilitating and monitoring the framework is done by the Executive Management Committee. Also, they execute proper risk management strategies. The responsibility for day to day risk management is borne by the line management.

2. Capital Management Objectives, Policies and Approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of solvency of the Company in order to provide a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that return on capital employed meets the requirements of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent to the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders' value.



The Company has complied with all these regulatory requirements throughout the financial period under review. The Company maintains capital, investments and solvency as per the regulations prescribed by the Insurance Regulatory Commission of Sri Lanka (IRCSL). New changes in regulations are timely adopted and necessary changes are made to the internal processes.

APPROACH TO CAPITAL MANAGEMENT

The Company allocates sufficient capital to corroborate ample returns to main stakeholders who are shareholders and policyholders. Capital management oversees the assets and liabilities by establishing required liquidity level. This is managing the risks in a coordinated manner by assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. The primary source of capital used by the Company is equity shareholders' funds. The capital adequacy ratios are computed monthly and reviewed to ensure that there is no constraint in regulatory compliance and in the Company's ability to write new businesses. The Company has no significant changes in its policies and processes to its capital structure during the past year from previous years.

3. Regulatory Framework

The Insurance Regulatory Commission of Sri Lanka (IRCSL) is the Insurance Regulator of the country and is primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit in line with the Regulations of the Insurance Industry Act No.43 of 2000 and subsequent amendments. The operations are primarily subjected to regulatory requirements. All insurance companies need to comply with the rules in respect to the solvency position and the determination requirements to ensure the Company maintains appropriate level of admissible and approved investments in excess of liabilities to meet risk arising from unforeseen events. Further the Company is compliant with the Risk Based Capital (RBC) as per IRCSL. The Company has adequate Total Available Capital (TAC) in the policyholder's and shareholder's fund collectively, to support the Risk Based Capital Required (RCR).

Total Available Capital (TAC) and Risk-based Capital Adequacy Ratio (CAR)

	31 December 2021	31 December 2020
Total Available Capital (TAC) LKR Mn	12,868	10,132
Risk Based Capital Adequacy Ratio (CAR)%	387%	304%
Regulatory Minimum CAR Ratio %	120%	120%

The Company is also subjected to the regulatory requirements of the Colombo Stock Exchange (CSE), the Securities and Exchange Commission of Sri Lanka (SEC), the Central Bank of Sri Lanka (CBSL), the Department of Inland Revenue and the provisions of the Companies Act No.07 of 2007.

4. Asset Liability Management (ALM) Framework

ALM framework is a process of formulating, implementing, monitoring and revising strategies related to our assets and liabilities. Also, it is used to manage the risks arising from mismatch of investment and liability cash flow. Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces, due to the nature of its investments and liabilities, is interest rate risk. The Company manages these positions prudently, within a strategically crafted ALM framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts.

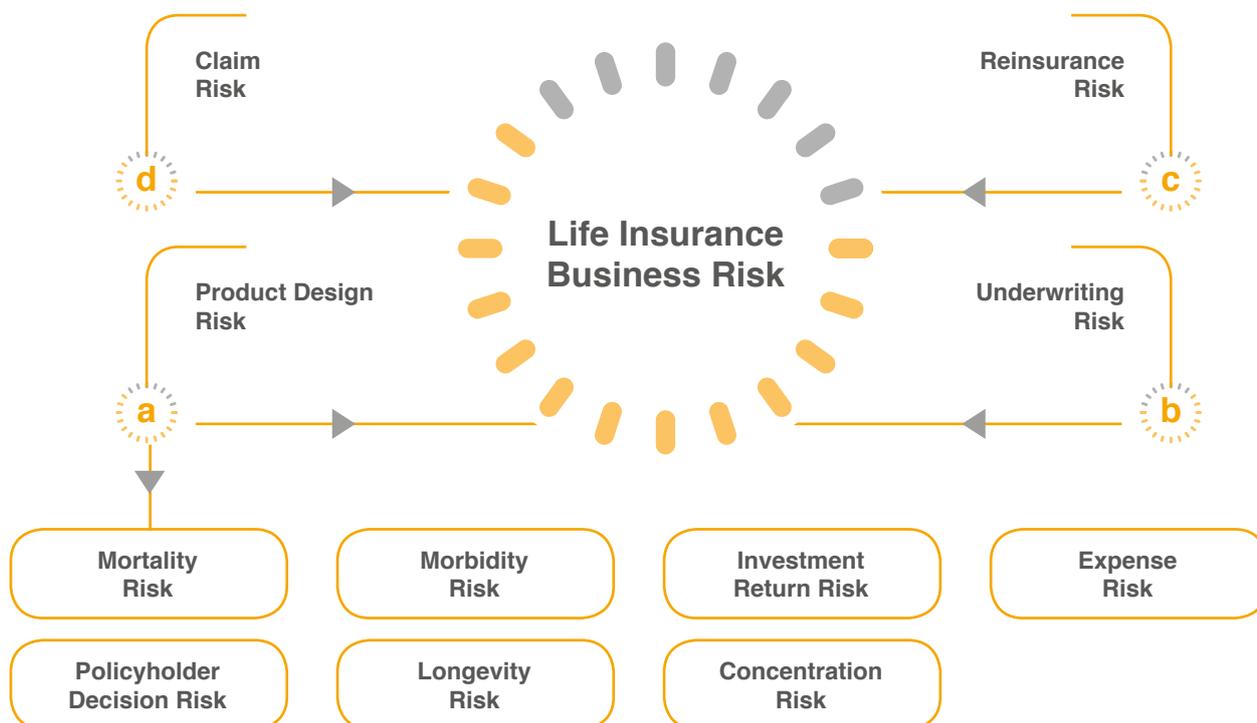
INSURANCE RISK

Life Insurance Business Risk

The principal insurance risk the Company faces under its insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient financial and reinsurance protection is available to cover these liabilities. The Company mitigates the above risk exposure by diversification across a large portfolio of insurance contracts, by careful selection and implementation of underwriting strategies and by use of reinsurance agreements. The Company has entered into long term reinsurance treaties with the world's leading reinsurers as part of its risk mitigation programme. The reinsurance programme is designed to mitigate the group's net exposure to a single claim as well as to catastrophic losses.

Life insurance is a contractual agreement between a policyholder and a life insurance Company. Policyholders come to an agreement to make premium payments to the Company, and the Company agrees to pay beneficiaries if an insured event occurred. Traditional life insurance products comprise protection and annuity cover. Protection products convey product designing, underwriting, claims and reinsurance risk.

Risk Management



Sensitivity analysis insurance contract liability to interest rate;

31st December	Change in assumptions	2021 LKR Mn
Interest rate	+1%	-49
Interest rate	-1%	55

a. Production Design Risk

Life insurance contracts offered by the Company includes whole life, term assurance, retirement plans, critical illness benefit, endowment plans, disability insurance, major surgery benefit and daily hospital cash. The fundamental assumptions used in product development are as follows;

Risk	Description	Risk Response
Mortality risk	Risk of loss arising due to policyholder's death experience being different from expected	Using standard mortality table with sensitivity to Company's mortality experience.
Morbidity Risk	Risk of loss arising due to policyholder's health experience being different from expected	Decisions made based on reinsurance tables and adjustments made when appropriate to reflect the Company's own risk experience.
Investment Return Risk	Risk of loss arising from actual returns being different from expected	The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy.
Expense Risk	Risk of loss arising from the expense experience being different from expected	Expense assumptions reflect the projected costs of maintaining and servicing in policies and associated overhead expenses.

Risk	Description	Risk Response
Policyholder Decision Risk	Risk of loss arising due to policyholders' experiences (lapses and surrenders) being different from expected	Lapse and surrender rates are projected according to the Company's past experience.
Longevity Risk	Risk of loss arising due to the annuitant living longer than expected.	Terms and conditions included in insurance applications have been designed to address non standard and unpredictable risks.
Concentration Risk	Risk of losses due to not maintaining a balanced product portfolio	Developing a proper product mix in line with company strategy.

Mainly Janashakthi Insurance PLC offers traditional Participating products, Non-Participating products and Universal life products. Universal life product category's key risk is interest rate risk which means differences in duration and yield of assets and liabilities. Another main risk is credit risk. We are matching asset and liability cash flows and investing in investment grade assets to mitigate risks which arise from Universal Life products.

PARTICIPATING FUND VS. NON-PARTICIPATING FUND

The following analysis depicts the concentration of the Participating and Non-Participating fund positions of the Company.

	31 December 2021		31 December 2020	
	LKR Mn	%	LKR Mn	%
Participating	1,729	14	1,698	15
Non-Participating	10,952	86	9,400	85
Total	12,681	100	11,098	100

b. Underwriting Risk

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company. For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims than expected. The Company limits exposure on any single life by way of retention limits agreed with the reinsurers.

Life Underwriting Risk Management

- Separate life underwriting division headed by a well-qualified management team along with a trained staff is in place in order to closely monitor the life underwriting functions of the Company.
- Pricing decisions of the products are reviewed and guided by a qualified actuary to facilitate the management to make accurate pricing decisions.
- Reinsurers' advices are obtained before deciding on the terms and conditions of the products in order to assist the proper pricing strategies.
- The Company carefully analyses the current health condition and the family medical history of the proposal holder before deciding on the premiums.

Reinsurance Risk

Notwithstanding the advantage reinsurance provides insurers, it can expose them, at varying degrees, to various risks inherent in its use. A new or continuing reinsurance contract could give rise to one or more of the following risks:

- Residual insurance risk may arise from discrepancies between reinsurance needs and the actual coverage provided for in the contract, resulting in the insurer retaining greater risk than anticipated. Similarly, an insurer may face a basic risk related to alternative risk transfer mechanisms where the amounts obtained by the insurers through the mechanisms do not match the losses incurred by the insurer.
- Legal risk may arise when the terms of the contract do not accurately reflect the intent of the insurers or when the contract cannot be legally enforced.
- Counterparty risk may result from the inability or potential refusal of the reinsurer, or a stakeholder in the case of an alternative risk transfer mechanism, to honour its obligations towards the ceding insurer.
- Liquidity risk may arise from the possible lag between the payment of a claim by the insurer to its insured and receipt of the reinsurance recoverable.

Risk Management

- Operational risk may result from inadequate contractual arrangements or from insufficient technological or administrative capacity to manage and collect sums owed by reinsurers.

Some of the specific actions made by the Company to mitigate Reinsurance Risks are shown below.

- Outstanding reinsurance receivables are viewed on a monthly basis to ensure that all dues are collected or set off against payables on time.
- A very close and professional relationship is maintained with all reinsurers.
- No cover is issued without a confirmed reinsurance in place.
- Only a globally trusted and stable portfolio of reinsurance companies is used, and they are rated highly by A.M Best.

The Company reinsures approximately 3.19% of Gross Written Premium.

For the year ended 31st December

	2021 LKR Mn	2020 LKR Mn
Gross Written Premium	5,461	3,820
Reinsurance	(212)	(122)
Net Written Premium	5,249	3,698

c. Reinsurance Credit Ratings

The following table shows the credit ratings of reinsurance companies with whom the Company has entered in to reinsurance arrangements as of 31st December 2021.

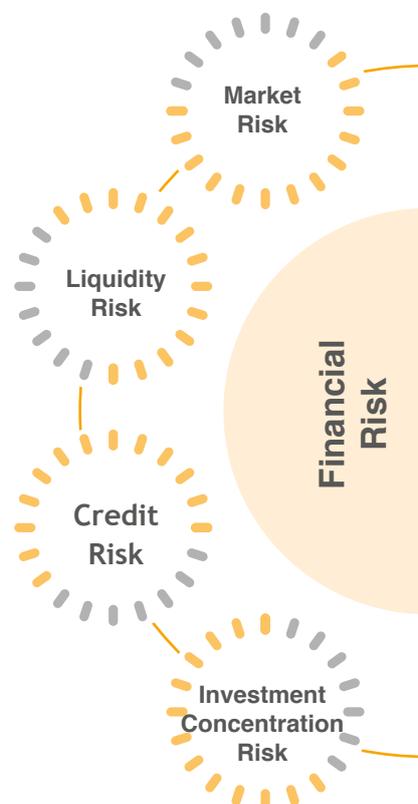
Reinsurer	Rating		
	Financial Strength	Credit	Rating Agency
Partner Reinsurance ASIA Pte Ltd	A+	AA-	A.M. Best
Hannover Rueck SE-Malaysian Branch	A	A+	A.M. Best
SCOR SE Singapore Branch	A+	AA-	A.M. Best
Munich Re India Branch	A+	AA	A.M. Best

d. Claim Risk

The possibility of adverse variance in claim pattern of the product which is not expected at the product development stage. Some of the specific actions taken by the Company to mitigate the claim risks are as follows;

- Strict claim review policies to assess all new and ongoing claims.
- Regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims.
- Obtaining adequate reinsurance covers.
- A qualified actuary is employed within the Company in order to assist the management to review the life insurance business.
- Life Fund valuation is carried out by a qualified independent actuarial valuer on a regular basis.
- Claims are reserved immediately at the intimation or on the availability of information of the death or injury of an insured.

The purpose of these underwriting, claims and reinsurance strategies was to limit risk exposure based on the Company's risk appetite as decided by the Management. The Board decided to increase or decrease the maximum tolerances based on market conditions and other factors.



Financial Risk

Financial risk is the probability of loss inherent in financing methods which may impair the ability to provide adequate return. The Company is exposed to financial risk primarily through financial assets, financial liabilities and insurance liabilities.

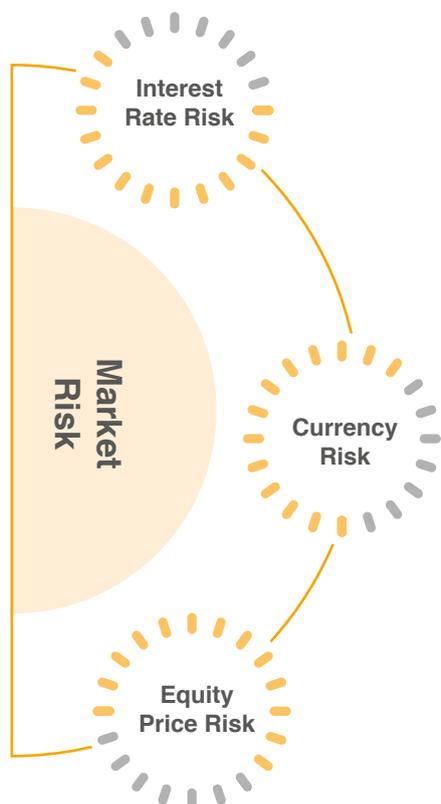
Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company has assessed the market risk under three main categories.

a. Interest Rate Risk

Interest rate risk is the risk that market value or future cash flows of a financial instrument will fluctuate due to changes in the absolute level of interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

Our interest rate risk is mitigated by the Assets and Liabilities Committee (ALCo), as they keep regular track of macroeconomic scenarios and their likely impact on interest rates. Also, initial recognition of investments is closely monitored.



The following table presents the financial assets and liabilities which are subject to interest rate risk.

31st December 2021

	Fixed Interest Rate LKR Mn	Non-Interest Bearing LKR Mn	Total LKR Mn
Fair Value Through Profit and Loss	-	8,221	8,221
Loans and Receivable	8,700	-	8,700
Available For Sale	2,168	2,456	4,624
Total Financial Assets	10,868	10,677	21,545
Total Percentage	72%	28%	100%

31st December 2020

	Fixed Interest Rate LKR Mn	Non-Interest Bearing LKR Mn	Total LKR Mn
Fair Value Through Profit and Loss	-	7,325	7,325
Loans and Receivable	8,497	-	8,497
Available For Sale	1,507	2,046	3,553
Total Financial Assets	10,004	9,371	19,375
Total Percentage	52%	48%	100%

b. Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company's principal transactions are carried out in Sri Lankan rupees and its exposure to foreign exchange risk is very minimal. The Company's financial assets are primarily denominated in the same currencies as its insurance liabilities. The Company has no significant concentration of currency risk.

c. Equity Price Risk

Equity price risk is the risk that the fair value of future cash flows of a stock will fluctuate due to the changes in market prices (Other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company maintains a closer watch on movements in stock prices and indicators. The Company mitigates the equity price risk, since all equity investment decisions are based on fundamentals rather than on assumptions.

Risk Management

The following table represents the diversification of equity investments of the Company in different industries.

For the year ended 31st December

Sector	2021		2020	
	LKR Mn	%	LKR Mn	%
Banks Finance and Insurance	3,062	87%	2,131	91
Diversified Holdings	272	8%	78	3
Land and Property	103	3%	84	4
Manufacturing	66	2%	46	2
Total	3,503	100%	2,339	100

Liquidity Risk

Liquidity risk is the risk that Janashakthi Life may not have sufficient liquid financial resources to meet efficiently, both expected and unexpected current and future cash flow and collateral needs, without affecting either daily operations or financial conditions.

To mitigate the Company's exposure to liquidity risk, the Company uses the following policies and procedures.

- The Company liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the management.
- An investment guideline is in place to review the asset allocations, duration allocations and the asset liability mismatches on a regular basis.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company has pre-approved overdraft facilities to meet sudden cash requirements.

Maturity Profile

The following table summarizes the maturity analysis of the Company's financial investments.

31st December 2021	Less than 1 year	1 to 3 year	3 to 5 year	More than 5 Years	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Fair Value Through Profit or Loss	6,949	-	-	1,272	8,221
Loans and Receivables	4,276	2,653	700	1,071	8,700
Available For Sale	2,573	1,082	463	506	4,624
Total	13,798	3,735	1,163	2,849	21,545
Total Percentage	64%	17%	5%	13%	100%

31st December 2020	Less than 1 year	1 to 3 year	3 to 5 year	More than 5 Years	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Fair Value Through Profit or Loss	2,693	689	-	3,943	7,325
Loans and Receivables	2,928	2,278	2,120	1,171	8,497
Available For Sale	2,095	499	943	16	3,553
Total	7,716	3,466	3,063	5,130	19,375
Total Percentage	40%	18%	16%	26%	100%

The following table summarizes the maturity analysis of the Company's financial assets and liabilities.

31st December 2021	Less than 1 year	1 to 3 year	3 to 5 year	More than 5 Years	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Financial Investments	13,798	3,735	1,163	2,849	21,545
Right of Use Lease Assets	53	68	35	18	174
Premium Receivable	152	-	-	-	152
Reinsurance Receivable	52	-	-	-	52
Other Assets	272	207	65	-	544
Cash in Hand and Balance at Bank	405	-	-	-	405
Total	14,732	4,010	1,263	2,867	22,872
Total Percentage	64%	17%	6%	13%	100%
Reinsurance Creditors	100	-	-	-	100
Lease Creditor	49.8	76.1	51.3	34.3	211.5
Gratuity Payable	34	16	8	31	89
Other Liabilities	1,168	-	-	-	1,168
Bank Overdraft	96	-	-	-	96
Total	1,447.8	92.1	59.3	65.3	1,664.5
Total Percentage	87%	5%	4%	4%	100%

Risk Management

31st December 2020	Less than 1 year	1 to 3 year	3 to 5 year	More than 5 Years	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Financial Investments	7,716	3,466	3,063	5,130	19,375
Right of Use Lease Assets	1	79	36	108	224
Premium Receivable	102	-	-	-	102
Reinsurance Receivable	39	-	-	-	39
Other Assets	176	146	-	150	472
Cash in Hand and Balance at Bank	283	-	-	-	283
Total	8,317	3,691	3,099	5,388	20,495
Total Percentage	41%	18%	15%	26%	100%
Reinsurance Creditors	46	-	-	-	46
Lease Creditor	1	91	34	128	254
Gratuity Payable	10	25	15	49	99
Other Liabilities	849	54	-	16	919
Bank Overdraft	130	-	-	-	130
Total	1,036	170	49	193	1,448
Total Percentage	72%	12%	3%	13%	100%

Credit Risk

Credit risk means the risk that is associated with a loss or potential loss from counterparties failing to fulfil their financial obligations. Credit risk to the Company could arise from following.

- Financial investments in debt securities
- Cash and cash equivalents
- Premium receivables
- Reinsurance receivables
- Other financial receivables

The Company's credit risk exposure is depicted in the below table using carrying values as at the Statement of Financial Position date.

As at 31st December Sector	2021		2020	
	LKR Mn	%	LKR Mn	%
Government Securities	4,602	23.3	5,874	30.0
Corporate Debt	7,222	36.6	7,094	36.0
Unit Trust	2,573	13.0	2,261	12.0
Investment in Shares	3,503	17.8	2,338	12.0
Fixed Deposits	1,616	8.2	1,807	9.0
Reinsurance Receivables	52	0.3	39	0.2
Premium Receivables	152	0.8	102	0.8
Total	19,720	100%	19,515	100

The following table shows the credit risk exposure of the Company based on credit rating. AAA is considered the highest possible rating, while assets that fall outside the range of AAA to BBB- are classified as speculative grade.

31st December 2021	Government Guarantee	AAA+ to AA-	A+ to A-	BBB+ to BBB-	Unrated	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Fair Value Through Profit or Loss	4,601	-	-	-	3,620	8,221
Loans and Receivables	2,030	1,044	4,094	1,532	-	8,700
Available For Sale Financial Assets	-	-	1,315	853	2,456	4,624
Total	6,631	1,044	5,409	2,385	6,076	21,545
Total Percentage	31%	5%	25%	11%	28%	100%

31st December 2020	Government Guarantee	AAA+ to AA-	A+ to A-	BBB+ to BBB-	Unrated	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Fair Value Through Profit or Loss	4,772	-	-	-	2,553	7,325
Loans and Receivables	1,103	1,615	3,055	2,724	-	8,497
Available For Sale Financial Assets	-	-	621	175	2,757	3,553
Total	5,875	1,615	3,676	2,899	5,310	19,375
Total Percentage	31%	8%	19%	15%	27%	100%

The Company's credit risk exposure is depicted in the above table using carrying values as at the Statement of Financial Position date.

31st December	Rating		2021	2020
	Rating Agency		LKR'000	LKR'000
Bank of Ceylon	AA-	Fitch rating	22,623	14,034
Sampath Bank	AA-	Fitch rating	135,905	190,825
Hatton National Bank	AA-	Fitch rating	4,341	1,581
Commercial Bank of Ceylon	AA-	Fitch rating	41,048	23,154
HSBC Bank	AA-	Fitch rating	-	255
Nations Trust Bank	A	Fitch rating	5,023	2,634
Union Bank	BBB-	Fitch rating	233	233
Sanasa Development Bank	BB+	ICRA	13	13
National Savings Bank	AAA	Fitch rating	30	26,300
Regional Development Bank	A-	ICRA	2,533	4,870
Seylan Bank	A	Fitch rating	1,617	1,724
Pan Asia Banking Corporation	BBB-	Fitch rating	96	10,184
Peoples Bank	AA-	Fitch rating	2,749	2,690
Cargills Bank	AA-	Fitch rating	2,162	3,039
National Development Bank	A+	Fitch rating	178,720	15
DFCC Bank	A+	Fitch rating	3,794	162
Sarvodaya Development Finance PLC	B+	ICRA	1,225	302
Total Exposure to credit Risk			402,113	282,013
Cash in hand			2,522	878
Cash and Cash Equivalents			404,634	282,891

Risk Management

Some of the specific actions undertaken by the Company to mitigate credit risk in investments are shown below.

- Check the creditworthiness of the institutions and the instruments before placing an investment
- Assets and Liabilities Committee (ALCo) continuously evaluates the credit risk of the Company arising from investments
- The Company gives more concentration on investing in high rated instruments or in high rated institutions

The Company is exposed to a credit risk through premium receivables where the policyholder or any other intermediary party are in default the payment. In certain life insurance policies issued under single premium mode the credit risk is minimal when compared to other policies.

The following table summarizes the aging analysis of premium receivable balances in relation to Life Insurance.

31st December 2021	< 30 Days	31 to 60 Days	61 to 90 Days	> 91 Days	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Premium Receivable	152	-	-	-	152
Total Percentage	100%	0%	0%	0%	100%

31st December 2020	< 30 Days	31 to 60 Days	61 to 90 Days	> 91 Days	Total
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
Premium Receivable	102	-	-	-	102
Total Percentage	100%	0%	0%	0%	100%

Investment Concentration Risk

Investment concentration risk is the risk when the investor's investment portfolio is not diversified. This risk might arise when the investor invests too heavily in one industry, one geographical area or one type of security. It may also be defined as the risk of loss due to over exposure to one investment, asset class, risk factor, etc. To mitigate the risk, the Company's Asset Liability Committee (ALCo) sets an overall asset allocation target at the beginning of the year. The decision is based on a number of factors including an analysis of the macroeconomic environment, regulatory requirements, liquidity position and return expectations during the planned period. Also, ALCo sets sectorial asset allocation limits for equity investments as well as related party exposure limits. The Company limits the maximum cash amount that can be deposited with a single counterparty.

Operational Risk

Operational risk emanates from inadequate or failed internal processes, people and systems or from external events which may result in direct or indirect business impact. The Board of Directors have delegated responsibility of the operational risk to risk owners and managers who are responsible for the development and implementation of controls to address operational risks.

The Company diminishes the aforementioned risks by performing the following.

- Preparing and using the procedure manual for the controls and processes of the Company
- Segregation of duties by including independent authorisation of transactions
- Reconciling and monitoring transactions
- Complying with regulatory and Company standards and policies
- Internal audit reviews performed periodically
- Conducting training and professional development programmed to the employees of the Company

A Legacy of Protection

202 Statement of Solvency **203** Shareholder Information **209** Decade at a Glance - Income Statement
210 Decade at a Glance - Statement of Financial Position **211** Glossary of Insurance Terms
214 Branches **216** Notice of Meeting **217** Form of Proxy

Statement of Solvency

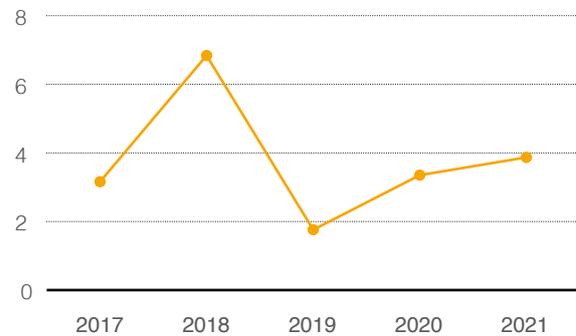
Long Term Insurance Business	2021 LKR'000	2020 LKR'000
01. Janashakthi Insurance PLC		
Total Available Capital (TAC)	12,867,876	10,132,233
Formula Risk-based Capital Required (RCR)	3,327,825	3,391,694
Surrender Value Capital Charge (SVCC)	804,347	-
Risk Based Capital requirement(RCR)	3,327,825	3,391,694
Risk-based Capital Adequacy Ratio (CAR)	387%	304%
Required Ratio	120%	120%
02. Former National Insurance Corporation Ltd		
Total Available Capital (TAC)	113,835	4,109
Formula Risk-based Capital Required (RCR)	9,514	3,744
Surrender Value Capital Charge (SVCC)	-	-
Risk Based Capital requirement(RCR)	9,514	3,744
Risk-based Capital Adequacy Ratio (CAR)	1196%	110%
Required Ratio	120%	120%

Shareholder Information

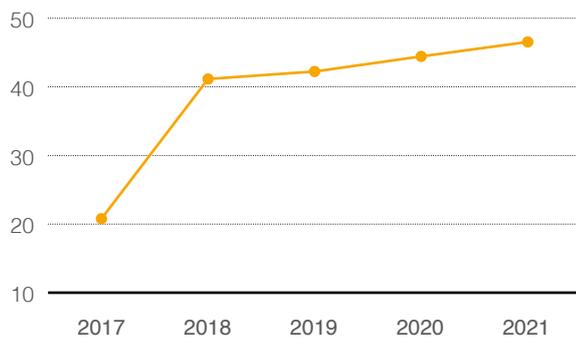
VALUATION

31st December		2021	2020
		LKR'000	LKR'000
Earning Per Share (EPS)	LKR	3.87	3.35
Net Assets per Share	LKR	46.55	44.44
Price Earning Ratio	Times	7.93	8.96
Price/Book Value	Times	0.66	0.68

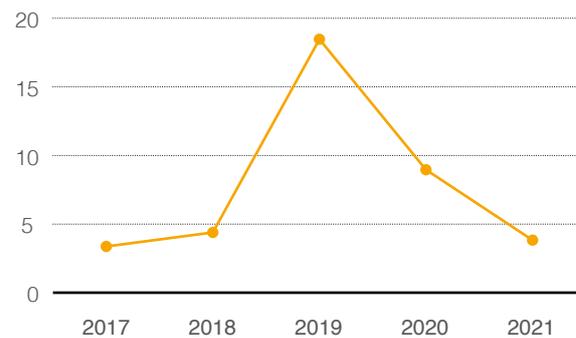
EPS



NAPS



PE Ratio



MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

MARKET VALUE

31st December	2021		2020	
	Value LKR	Date	Value LKR	Date
Highest Price	32.50	January 27th 2021	34.60	February 7th 2020
Lowest Price	23.40	November 25th 2021	19.10	December 5th 2020
Year end Price	30.70	December 31st 2021	30.00	December 31st 2020

Shareholder Information

TRADING STATISTICS

31st December	2021		2020	
	LKR'000		LKR'000	
Number of Transactions	9,673		9,610	
Number of Shares Traded	18,027,236		19,666,393	
% of Total Shares in Issue	19.96%		19.74%	
Value of Shares Traded	LKR	509,013,253	LKR	598,597,089
Market Capitalisation	LKR	6,954,352,897	LKR	6,795,784,590

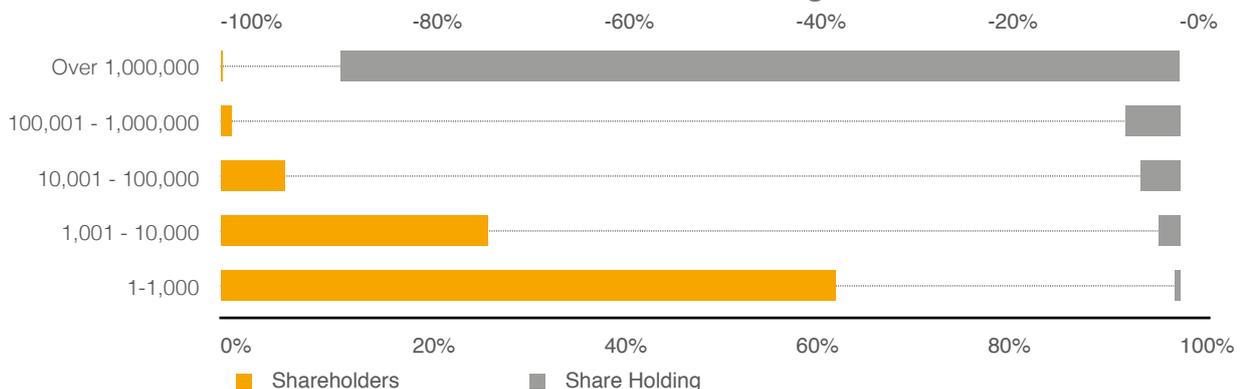
CSE Indicators Vs Janashakthi Insurance PLC Share prices LKR



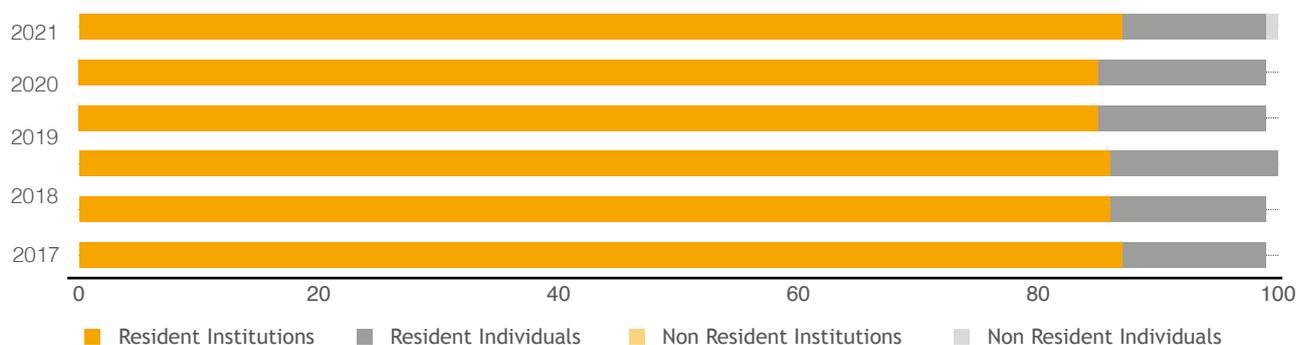
DISTRIBUTION OF SHAREHOLDERS

Number of Shares	2021				2020			
	No of Holders	%	Total Holding	%	No of Holders	%	Total Holding	%
1 - 1,000	3,060	64.11	1,192,336	0.53	3,135	62.71	1,251,952	0.55
1,001 - 10,000	1,329	27.84	5,017,130	2.21	1,447	28.95	5,482,549	2.42
10,001 - 100,000	320	6.70	9,337,119	4.12	352	7.04	10,542,768	4.65
100,001 - 1,000,000	55	1.15	12,834,919	5.67	56	1.12	13,194,683	5.82
Over - 1,000,000	9	0.19	198,144,649	87.47	9	0.18	196,054,201	86.55
	4,773	100	226,526,153	100	4,999	100.00	226,526,153	100.00

Shareholders vs Shareholding



Ownership %



COMPOSITION OF SHAREHOLDERS

Shares	2021				2020			
	No of Holders	%	Total Holding	%	No of Holders	%	Total Holding	%
Resident :								
Individuals	4,564	95.62	27,990,939	12.36	4,774	95.50	29,461,705	13.01
Institutions	172	3.60	197,579,676	87.22	182	3.64	195,729,130	86.40
Non Resident :								
Individuals	35	0.73	896,688	0.40	39	0.78	1,088,038	0.48
Institutions	2	0.04	58,850	0.03	4	0.08	247,280	0.11
Total	4,773	100	226,526,153	100	4,999	100	226,526,153	100

Shareholder Information

TWENTY LARGEST SHAREHOLDERS

	2021		
	No of Shares	% of Top Twenty	% of Total
Janashakthi Limited Account No. 1	56,699,497	27.81	25.03
National Development Bank PLC / Janashakthi Limited	50,000,000	24.52	22.07
Seylan Bank PLC / Janashakthi PLC (Collateral)	29,100,000	14.27	12.85
Hatton National Bank PLC / Janashakthi PLC	24,345,000	11.94	10.75
First Capital Limited	13,099,471	6.42	5.78
Pan Asia Banking Corporation PLC / Janashakthi Limited	8,000,000	3.92	3.53
Hatton National Bank PLC / Suktam Holdings (Pvt) Ltd	7,771,313	3.81	3.43
Mr. Y. S. H. I. Silva	7,281,572	3.57	3.21
J. B. Cocoshell (Pvt) Ltd	1,847,796	0.91	0.82
National Savings Bank	881,521	0.43	0.39
Mr. C. H. Mendis	740,000	0.36	0.33
Mr. D. K. A. K. Weerathunga	563,958	0.28	0.25
Mr. M. B. Herath	540,000	0.26	0.24
Mr. K. A. R. Ranasinghe	530,000	0.26	0.23
Ms. M. Mathews	510,000	0.25	0.23
Mr. N. Balasingam	492,600	0.24	0.22
Merchant Bank Of Sri Lanka Ltd / C. Sathkumara	456,313	0.22	0.20
Seylan Bank PLC / Jaliya Abeysiri Wijeratne	399,324	0.20	0.18
Mr. P. Vijendran / Joint - 1 : Mrs. P. Vijendran	350,000	0.17	0.15
Estate Of Jayatissa Nalin Rodrigo	300,000	0.15	0.13
	203,908,365	100	90
Others	22,617,788		10
Total	226,526,153		100

TWENTY LARGEST SHAREHOLDER

		2020	
	No of Shares	% of Top Twenty	% of Total
Janashakthi Limited	99,810,062	49.55	44.06
Seylan Bank PLC / Janashakthi Limited (Collateral)	29,100,000	14.45	12.85
Hatton National Bank PLC / Janashakthi Limited	22,000,000	10.92	9.71
Seylan Bank PLC. / Janashakthi Limited	15,234,435	7.56	6.73
First Capital Limited	13,099,471	6.50	5.78
Mr. Y. S. H. I. Silva	7,281,572	3.62	3.21
Suktam Holdings (Pvt) Ltd	5,999,181	2.98	2.65
Commercial Bank Of Ceylon PLC / Janashakthi Limited	2,000,000	0.99	0.88
Seylan Bank PLC / W. D. N. H.Perera	1,529,480	0.76	0.68
Mr. C. H. Mendis	792,000	0.39	0.35
Dialog Finance PLC / K. E. H. De Alwis	544,886	0.27	0.24
Mr. M. B. Herath	540,000	0.27	0.24
Ms. M. Mathews	510,000	0.25	0.23
Mr. K. A. R. Ranasinghe	500,000	0.25	0.22
Mr. N. Balasingam	492,600	0.24	0.22
Mr. D. K. A. K. Weerathunga	463,958	0.23	0.20
J.B. Cocoshell (Pvt) Ltd	454,200	0.23	0.20
Seylan Bank PLC / Jaliya Abeysiri Wijeratne	399,324	0.20	0.18
Mr. P. Vijendran	350,000	0.17	0.15
Krish Investment Company (Pvt) Ltd.	324,729	0.16	0.14
	201,425,898	100	89
Others	25,100,255		11
Total	226,526,153		100

Shareholder Information

DIRECTORS SHAREHOLDING

31st December	2021 LKR'000	2020 LKR'000
Late Mr. A. T. B. Tittawella (Chairman)	25,000	-
Mr. P. A. Schaffter (Deputy Chairman)	-	-
Mr. J. A. G. Rodrigo	-	-
Mr. P. Sivagananathan	-	-
Mr. W. D. P. De Mel	-	-
Ms. A. H. W. Senanayake	-	-
Mr. D. P. M. De S. Jayawardena	-	-
Mr. D. Schaffter	-	-
Ms. W. D. De Costa	-	-
Mr. R. N. Liyanage	-	-
Mr. R. Schaffter (Alternate Director)	-	-

RECORD OF SHARE ISSUE/REPURCHASE

	Issue/Repurchase	Basis	No of Shares
2006	31st December 2006		27,500,011
2007	Bonus Issue - 30th March 2007	1:3	82,500,033
2008	Share Split - 28th March 2008	1:2	220,000,088
2008	Initial Public Issue -16th June 2008		33,000,000
2015	Rights Issue - 30th November 2015	2:1	181,500,066
2018	Share-repurchase - 18th April 2018	3:5	(317,974,045)
			226,526,153

Decade at a Glance - Income Statement

(Values to the nearest rupees thousand)

For the year ended 31st December	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Life Insurance Income Statement										
Gross Written Premium	5,460,892	3,819,817	3,511,660	3,008,842	2,902,873	2,943,963	2,550,782	2,170,419	2,193,662	2,025,075
Net Earned Premium	5,248,931	3,697,637	3,373,691	2,893,752	2,803,868	2,853,371	2,468,790	2,128,159	2,134,165	1,986,203
Other Revenue	1,919,098	2,598,051	2,242,625	1,877,046	1,299,867	1,362,363	1,055,995	954,728	1,307,793	613,190
Gain on Disposal of Subsidiary	-	-	-	9,200,155	-	-	-	-	-	-
Total Revenue	7,168,029	6,295,688	5,616,316	13,970,953	4,103,735	4,215,734	3,524,785	3,028,887	3,441,958	2,599,393
Net Acquisition Cost	(1,864,486)	(860,858)	(900,029)	(893,099)	(662,326)	(691,739)	(714,990)	(561,835)	(461,537)	(449,870)
Net Claims and Benefits	(2,134,248)	(1,758,226)	(1,924,424)	(1,560,644)	(1,118,843)	(1,103,408)	(839,310)	(666,456)	(661,891)	(432,554)
Other Expenses	(1,198,038)	(1,070,747)	(1,060,197)	(1,383,940)	(679,184)	(634,685)	(760,506)	(606,783)	(557,958)	(496,176)
Change in Contract Liability due to transfer of One-off surplus	-	-	-	-	1,795,829	-	-	-	-	-
Increase in Life Insurance Fund	(791,920)	(1,584,947)	(1,199,295)	(241,982)	(1,747,577)	(832,885)	(893,925)	(843,693)	(1,354,572)	(917,073)
Profit/(Loss) before Taxation	1,179,338	1,020,911	532,370	9,891,288	1,691,635	953,016	316,054	404,120	406,000	303,720
Income Tax Expense	(303,164)	(261,586)	(136,040)	1,306,596	-	-	-	-	-	-
Profit/(Loss) After Taxation	876,174	759,325	396,330	11,197,884	1,691,635	953,016	316,054	404,120	406,000	303,720

Decade at a Glance - Statement of Financial Position

(Values to the nearest rupees thousand)

For the year ended 31 December	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assets										
Financial Assets	21,545,101	19,374,743	16,961,520	15,657,029	12,375,224	11,115,417	10,849,889	7,828,088	6,908,562	5,610,391
Property, Plant and Equipment	257,550	354,972	442,502	257,742	-	-	-	-	-	-
Right of Use Asset	173,532	224,524	261,812	-	-	-	-	-	-	-
Other Assets and Receivables	3,302,280	4,539,312	4,100,170	4,145,182	7,453,609	7,469,151	8,222,629	505,248	456,817	516,392
Cash and Cash Equivalents	404,634	282,891	268,280	223,268	192,120	180,311	250,803	325,142	188,131	136,622
Total Assets	25,683,097	24,196,946	22,034,284	20,283,221	20,020,953	18,764,879	19,323,321	8,658,478	7,553,510	6,263,405
Liabilities and Shareholders Equity										
Shareholders' Equity										
Stated Capital	4,853,752	4,853,752	4,853,752	4,853,752	4,853,752	4,853,752	4,853,752	-	-	-
Restricted Regulatory Reserve	1,795,829	1,795,829	1,795,829	1,795,829	1,795,829	-	-	-	-	-
Revenue Reserves	3,895,352	3,417,569	2,917,052	2,671,460	2,811,297	3,294,882	2,903,236	-	-	-
Total Shareholders' Equity	10,544,933	10,067,150	9,566,633	9,321,041	9,460,878	8,148,634	7,756,988	-	-	-
Liabilities										
Insurance Provision-Life	13,473,701	12,681,780	11,096,474	9,897,807	9,651,593	9,699,136	8,865,737	7,831,496	7,017,679	5,633,225
Other Liabilities	1,664,463	1,448,016	1,371,177	1,064,373	908,482	917,109	2,700,596	826,982	535,831	630,180
Total Liabilities	15,138,164	14,129,796	12,467,651	10,962,180	10,560,075	10,616,245	11,566,333	8,658,478	7,553,510	6,263,405
Total Liabilities and Shareholders' Equity	25,683,097	24,196,946	22,034,284	20,283,221	20,020,953	18,764,879	19,323,321	8,658,478	7,553,510	6,263,405

Glossary of Insurance Terms

ACTUARY

An expert concerned with the application of probability and statistical theory to problems of Insurance, Investment, financial management and demography.

ACTUARIAL VALUATION

A determination by an actuary at a specific date of the value of a life Insurance company's assets and its liabilities. The purpose of a valuation is to determine if the Company holds adequate assets to fund the Company's liabilities.

ANNUITY

A contract that provides an annual income for a specific period.

AVAILABLE FOR SALE (AFS)

Securities that have been acquired neither for short term sale nor to be held to maturity. These are shown at fair value on the statement of financial position and changes in value are taken straight to equity instead of the Profit or Loss statement.

BANCASSURANCE

An arrangement whereby banks sell Insurance and Investment products to their customers on behalf of other financial providers.

BENEFICIARY

A person or financial institution named by the policyholders as the recipient of the sum insured and other benefits due in the event of the policyholder's death.

BONUS

Bonus is a method of distribution of surplus amongst the participating policyholders of a life insurance company. A bonus is an enhancement to the basic sum assured under a contract, and is declared as percentage of the sum assured.

BROKER

A sales and service representative who handles Insurance for clients, generally selling Insurance of various kinds and for several companies.

CASH FLOW STATEMENT

Statement on the origin and utilization of cash and cash equivalents during the accounting period. It shows the changes in liquid funds separated to cash flows from operating, investing and financing activities.

CLAIMS

The amount payable under a contract of insurance arising from the occurrence of an insured event such as destruction or damage of property and related death or injuring of hospital or medical bills, death or disability of the insured and gratuity claims.

CLAIMS INCURRED

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.

CLAIMS OUTSTANDING- LONG TERM INSURANCE

The amounts provided to cover the estimated ultimate cost of setting claims arising out of an event which have been notified by date of Statement of Financial Position, being sums due to beneficiaries together with claims handling expenses, less amounts already paid in respect of those claims.

COMMISSION

Remuneration to an intermediary for services such as selling and servicing and insurer's products. This is one component of acquisition expenses.

CORPORATE GOVERNANCE

Serves to ensure responsible management and supervision of enterprises and is intended to foster the trust of investors, clients, employees and the general public in companies.

DEPOSIT PREMIUM

A premium paid on the inception of a contract of Insurance or re-insurance, which is subject to adjustment at a later date. A deposit premium may represent the minimum amount payable.

EARNINGS PER SHARE

Ratio calculated by dividing the consolidated net income/(loss) by the weighted average number of shares outstanding.

EXPENSE RESERVE

Expenses which vary with and are primarily related to the acquisition of new Insurance contracts and renewal of existing contracts, which are deferred as they related to a period of risk subsequent to the date of Statement of Financial Position.

ENDOWMENT

Life Insurance payable to the policyholder if living on the maturity date stated in the policy or to a beneficiary if the insured dies before that date.

Glossary of Insurance Terms

FAIR VALUE

The price that a reasonable buyer would be willing to pay and reasonable seller would be willing to accept for a product on the open market.

GROSS WRITTEN PREMIUM – LIFE

Premium to which the insurer is contractually entitled and received in the accounting period.

INSURANCE

Insurance is a contract whereby one party the insurer, in return for a consideration i.e. the premium, undertakes to pay the other party – the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

INSURANCE PROVISION – LONG TERM

The fund or funds to be maintained by an insurer in respect of its Long Term Insurance business in accordance with the Regulation of Insurance Industry Act No. 43 of 2000.

Interim Payments

Periodic payments to the policyholders on a specific type of policy.

JIPLC

Janashakthi Insurance PLC.

LIFE SURPLUS

The excess of the assets over the liabilities as determined by the actuary (taking into account solvency requirements) and after distribution of dividends to policyholders.

LONG TERM INSURANCE

Commonly referred to as Life Insurance contracts, as opposed to annual Non-Life Insurance policies.

MATURITY

The time at which payment of the sum insured under a Life Insurance policy falls due at the end of its term.

NET EARNED PREMIUM

Gross Written premium adjusted for the re-insurance incurred and for the increase or decrease in unearned premium.

NET WRITTEN PREMIUM

Gross written premium less re-insurance premium payable.

NET CLAIMS INCURRED

Claims incurred less re-insurance recoveries.

POLICY LOAN

A loan given to the policyholder on the security of the surrender value of a life Insurance policy. The loan is limited to a percentage of the current surrender value of the policy and interest is charged on such loan.

PREMIUM

The consideration payable by the insured for an Insurance contract.

PROFIT COMMISSION

Commission received from the reinsurer based on the net profit of the reinsurer as defined in the agreement between the insurer and the reinsurer.

REVENUE ACCOUNT

An account which shows a financial summary of the Insurance related revenue transactions for the accounting period.

RE-INSURANCE

Transfer of all or part of the risk assumed by an insurer under one or more Insurances to another insurer, called the reinsurer.

RE-INSURANCE COMMISSION

Commission received or receivable in respect of premium paid or payable to the reinsurer.

SEGMENT

Constituent business units grouped in terms of nature and similarity of operations.

SOLVENCY MARGIN - LIFE

The difference between the value of assets and the value of liabilities, required to be maintained by the insurer who carries on Long Term Insurance business as defined in the Regulation of Insurance Industry Act No.43 of 2000.

SURRENDER

Termination of an Insurance policy by the insured before the expiry of its term.

SURRENDER VALUE

The sum payable by an Insurance company upon the surrender of a Life Insurance policy before it has run its full course.

Corporate Information

NAME OF COMPANY

JANASHAKTHI INSURANCE PLC

Incorporated as a Public Company on 28th August 1992 under the provisions of the Companies Act No.17 of 1982. Subsequently re-registered under the Companies Act No.7 of 2007 on 6th May 2008.

Insurance Company licensed by the Insurance Board of Sri Lanka in terms of Section 113 (2) (a) of the Regulation of Insurance Industry Act No.43 of 2000 on 1st January 2002.

COMPANY REGISTRATION NUMBER

PB 307 / PQ

STOCK EXCHANGE LISTING

The Shares of the Company are listed on the Colombo Stock Exchange (CSE), Diri Savi Board

REGISTERED OFFICE

No. 75, Kumaran Ratnam Road,
Colombo 02
Sri Lanka.
P.O Box 1672

CONTACT DETAILS

Telephone Number: 2636636
Fax Number: 2094019
E-mail: insurance@janashakthi.com
Corporate Website: <http://www.janashakthi.com>

ACCOUNTING YEAR-END

December 31

TAX PAYER IDENTIFICATION NUMBER (TIN)

134003642

VAT REGISTRATION NUMBER

134003642 – 7000

BOARD OF DIRECTORS

Late Mr. Anil Titawella
(Chairman)

Mr. Prakash Schaffter
(Executive Deputy Chairman)

Mr. R. N. Liyanage
(Chief Executive Officer / Non-Independent Executive Director)

Ms. Warini De Costa
Mr. Avindra Rodrigo
Mr. Deshal De Mel
Mr. Piranavan Sivagananathan
Mr. Dinesh Schaffter
Mr. Mahela Jayawardena
Ms. Annika Senanayake

ALTERNATE DIRECTOR

Mr. Ramesh Schaffter

CHIEF EXECUTIVE OFFICER

Mr. R. N. Liyanage

EXECUTIVE COMMITTEE

Mr. R. N. Liyanage - Chief Executive Officer

Mr. Hashra Weerawardena - General Manager - Life Operations

Mr. Harsha Abeywickrema - General Manager - Sales

Mr. K. V. Kuganathan - Chief Information Officer - Janashakthi Group

Ms. Manindri Dias Bandaranayake - Chief Brand Marketing Officer
- Janashakthi Group

Mr. Thanushka Jayasundera - Chief Financial Officer

Ms. Wasanthi Stephen - Chief Human Resource Officer - Janashakthi Group

Mr. Nilanga Wickramasinghe - Consultant - Partnership Development

Mr. Harsha De Alwis - Consultant - Business Expansion Channel

Mr. Rehen Gunawardena - Deputy General Manager - Sales Distribution

COMPANY SECRETARY

Janashakthi Corporate Services Limited
No.2, Deal Place, Colombo 03
Tel: +94 11 2145030

COMPANY REGISTRAR

SSP Corporate Services (Private) Limited
No.101, Inner Flower Road,
Colombo 03
Tel: +94 11 2573894

EXTERNAL AUDITORS

M/s. Ernst & Young
Chartered Accountants,
201, De Saram Place,
Colombo 10
Tel: +94 11 2463500

CONSULTANT ACTUARY

M/S K. A. Pandit, Consultants & Actuaries, India.
2nd Floor, Churchgate House,
Veer Nariman Road, Fort,
Mumbai - 400 001

RE-INSURANCE PANEL

Partner Reinsurance ASIA Pte Ltd
Hannover Rueck SE-Malaysian Branch
SCOR SE Singapore Branch
Munich Re India Branch

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon
DFCC Bank
Hatton National Bank
Nations Trust Bank
National Savings Bank
National Development Bank
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank
Seylan Bank
Cargills Bank
Sanasa Development Bank
Regional Development Bank
Union Bank

Branches

Branches	Branch Contact Number	Branch Address
Kalubowila	011-2127300	No. 247, Hospital Road, Kalubowila, Dehiwala.
Piliyandala	011-2127308	No. 14/A Hospital Road, Piliyandala.
Nugegoda	011-2127320	No. 19, Railway Avenue, Nugegoda.
Malabe	011-2127348	No. 411/A, Athurugiriya Road, Malabe.
Maharagama	011-2127312	No.223 1/1, High level Road, Maharagama.
Ja-Ela	0112-127340	No.356 2/1 , Colombo Road, Weligampitiya, Ja-Ela.
Wennappuwa	031-2253671	No.31, Main Street, Wennappuwa.
Negombo	031-2117212	No.32, Ave Maria Road, Negombo.
Moratuwa	011-2127304	No. 492 1/1, Galle Road, Rawathawatta, Moratuwa.
Panadura	038-2117233	No.21/1-A, Grace Peiris Mawatha, Panadura.
Gampaha	033-2117200	No. 163/1/1, Ja Ela Road, Gampaha.
Kirindiwela	033-2117204	No. 65/G/5, Nugahenawatta, Kirindiwela.
Nittambuwa	033-2117208	No. 195/2, Colombo Road, Nittambuwa.
Kandy	081-2117212	No. 163, D. S. Senanayake Street, Kandy.
Pilimathalawa	081-2117228	No. 207/1/2, Colombo Road, Pilimathalawa.
Padukka	011-2127324	No. 35/C, M. D. H Jayawardana Mawatha, Padukka.
Hanwella	011-2127328	No.26C/2-1/2, Disagewatta, Hanwella.
Awissawella	036-2117240	No.125, Colombo Road, Awissawella.
Balangoda	045-2117237	No. 58 B, Kalthota Road, Balangoda.
Rathnapura	045-2117241	No. 37/1/3, Bandaranayaka Mawatha, Rathnapura.
Badulla	055-2117244	No. 13,1/1 R H Gunawardana Mw, Badulla.
Bandarawela	057-2117200	Development Office, No.348/1, Badulla Road, Bandarawela.
Welimada	057-2117204	No. 135/137, Hemapala Munidasa Mawatha, Welimada.
Monaragala	055-2117208	No. 310/A 1/1, Wellawaya Road, South Monaragala.
Wellawaya	055-2117224	Ganesha Rice Mill, Tissa Road, Wellawaya.
Hettipola	066-2117236	Rathnalanka Agencies, Hettipola, Wilgamuwa, Matale.
Mahiyanganaya	055-2117240	No. 40/41, Kandy Road, Mahiyanganaya.
Ampara	063-2117232	No. 32, Indrawansa building, 6th Lane, D. S. Senanayake Mawatha, Ampara.
Hatton	051-2225412	No. 184, Colombo Road, Hatton.
Nuwara-Eliya	052-2117216	No. 9, Hilary Plaza, Lawson Street, Nuwara-Eliya.
Wellawatta	011-2127336	No. 416, Galle Road, Colombo 06.
Pettah	011-2127332	No. 295/1/3, George R. De Silva Mawatha, Colombo 13.
Kegalle	035-2117224	No. 190/ 004 - 1/2, Kandy Road, Kegalle.
Ruwanwella	036-2117232	No.195 A, Avisawella Road, Ruwanwella.
Matale	066-2117220	No. 83, King Street, Matale.
Gampola	081-2117216	No. 68/A/1/1, Gangasiri Road, Gampola.
Kadawatha	011-2127344	No. 1/430 C, Ihala Karagahamuna, Ganemulla Road, Kadawatha.

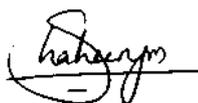
Branches	Branch Contact Number	Branch Address
Horana	034-2117234	No. 138B, Anguruwathota Road, Horana.
Trincomalee	026-2117208	No.323/1, Ehambaram Road, Trincomalee.
Kalmunai	067-2117204	No. 312, Main Street, Pandirippu 2 C, Kalmunai.
Batticaloa	065-2117200	No.38, 38 1/1, 38 ½, New Road , Batticaloa.
Thambuttegama	025-2117237	No. 271A, Anuradhapura Road, Thambuttegama.
Galgamuwa	037-2117200	No. 37, Anuradhapura Road, Galgamuwa.
Anuradhapura	025-2117233	No. 522/01B, Maithreepala Senanayake Mawatha, Anuradhapura.
Medawachchiya	025-2117241	Janashakthi Life, Horowpathana Road, Medawachchiya
Dambulla	066-2117242	No. 632, Anuradhapura Road, Dambulla.
Galewela	066-2117246	No. 59 E, Kurunegala Road, Galewela.
Dehiattakandiya	027-2117200	No. 59E, Shopping Complex, New Town, Dehiattakandiya.
Hingurakgoda	027-2117204	No. 25, Airport Road, Hingurakgoda.
Polonnaruwa	027-2117208	No.46, Shanas Building, Main Street, Kaduruwela, Polonnaruwa.
Medirigiriya	027-2117238	Janashakthi Life, Yamuna Hotel, Pola Asala, Medirigiriya.
Jaffna	021-2117212	No. 171A, Manipay Road, Jaffna.
Kilinochchi	021-2117224	A9 Road, Karadippokku, Kilinochchi.
Vauniyawa	024-2117236	No 41, 1st Floor, 2nd Cross Street, Vavuniya.
Nelliyadi	021-2117228	Vickneswara College Rd, Kavaveddy, Nelliyadi.
Embilipitiya	047-2117204	No.115A 1/1, 2nd floor, Athula Building, New Town Road, Embilipitiya.
Tissa	047-2117208	No.75/1/1, Jayaweera Building, Main Street, Tissamaharamaya.
Ambalantota	047-2117200	No.76 A, Mallika Building, Tangalle Road, Ambalantota.
Ambalangoda	091-2117212	No. 14, Galle Road, Ambalangoda.
Elpitiya	091-2117216	No.40 A, Ambalangoda Road, Elpitiya.
Galle	091-2117220	No. 153 1/1, Colombo Road, Kaluwella, Galle.
Matara	041-2117224	No. 38, Station Road, Matara.
Tangalle	011-3673446	No.104, Beliaththa Road, Tangalle.
Akuressa (W)	041-2117228	No 124, Matara Road, Akuressa.
Kalutara	034-2117225	No. 195/4, Galle Road, Kalutara South, Kalutara.
Aluthgama	034-2117229	No. 140, Galle Road, Kaluwamodara, Aluthgama.
Chilaw	032-2117220	No. 81/A, Kurunegala Road, Chilaw.
Puttalam	032-2117224	No. 126 C, Kurunegala Road, Puttalam.
Kuliyapitiya	037-2117232	No. 107, Kurunegala Road, Kuliyapitiya.
Giriulla	037-2117204	Hemamaliya, Sirimangala, Circular Road, Giriulla.
Kurunegala	037-2117236	No. 140, Colombo Road, Kurunegala.
Anamaduwa	032-2117228	No. 9, Maha Uswawa Road, Anamaduwa.
Nikaweratiya	037-2117240	No. 31 A, Heelogama Rd, Nikaweratiya.
Melsiripura	037-2117208	No.328/1, Dambulla Road, Melsiripura.
Urubokka	-	K.A.D. Oil Mart Building, Udahavave Waththa. Urubokka.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting (“AGM”) of Janashakthi Insurance PLC will be held, as a virtual meeting emanating from the Boardroom of the Company at No. 75, Kumaran Ratnam Road, Colombo 02 on 29th April 2022 at 10.00 a.m. for the following purposes:

1. To receive the Annual Report and the Audited Financial Statements of the Company for the year ended 31st December 2021 together with the Report of the Auditor’s thereon.
2. To re-elect Mr. Avindra Rodrigo who retires by rotation in terms of Article 25 of the Articles of Association of the Company and offers himself for re-election as a Director.
3. To re-appoint Ms. Warini De Costa who was appointed to the Board on 5th July 2021, in terms of Article 21(3) of the Articles of Association of the Company.
4. To re-appoint Ms. Annika Senanayake who was appointed to the Board on 5th July 2021, in terms of Article 21(3) of the Articles of Association of the Company.
5. To re-appoint Mr. Mahela Jayawardena who was appointed to the Board on 5th July 2021, in terms of Article 21(3) of the Articles of Association of the Company.
6. To re-appoint Mr. Dinesh Schaffter who was appointed to the Board on 5th July 2021, in terms of Article 21(3) of the Articles of Association of the Company.
7. To declare a final dividend of LKR 2.30 per share for the year ended 31st December 2021 as recommended by the Board of Directors.
8. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company for the ensuing year and authorize the Board of Directors to determine their remuneration.
9. To authorize the Directors to determine and make donations.

By order of the Board



Janashakthi Corporate Services Limited
Secretaries

4 April 2022

Notes:

1. The Shareholders are requested to register with their first names and last names via the below link before 4.00 p.m, on 27th April 2022, to receive the link to join the AGM. The same names should be used to log in to participate in the AGM on 29th April 2022.

[TIKIM.com/Janashakthi Insurance PLC-AGM2022](http://TIKIM.com/Janashakthi%20Insurance%20PLC-AGM2022)

2. A member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote on behalf of him/her.
3. A Proxy need not be a member of the Company.
4. A Form of Proxy is enclosed for this purpose.
5. The completed Form of Proxy must be forwarded by email to secretaries@jcsi.lk, fax to +94 112372498, WhatsApp to +94 773647178 or directly deposited at the Office of the Company Secretaries.

No registration of proxies will be accommodated after this deadline.

6. Shareholders who are unable to participate at the Meeting through the online meeting platform are encouraged to appoint a director as his/ her/its proxy by forwarding the duly completed Proxy Form clearly indicating their vote under each matter set out in the Proxy Form to the Company Secretaries as specified above in order that their vote may be identified and recorded as if he/she/it were present at the Meeting.

Form of Proxy

I/We of

being a member/s of the above named Company, hereby appoint Mr/Mrs/Miss

..... (holder of N.I.C. No)

..... failing him/her

- | | | |
|----|-------------------------------|-------------|
| 1. | Prakash Schaffter | failing him |
| 2. | Jayantha Avindra Gian Rodrigo | failing him |
| 3. | Pirnavan Sivagananathan | failing him |
| 4. | Deshal De Mel | failing him |
| 5. | Warini De Costa | failing her |
| 6. | Annika Senanayake | failing her |
| 7. | Mahela Jayawardena | failing him |
| 8. | Dinesh Schaffter | failing him |
| 9. | R. N. Liyanage | failing him |

as my/our Proxy to represent me/us and vote on my/our behalf for/or against the resolution and/or to speak at the 29th Annual General Meeting of the Company to be held as a virtual meeting emanating from the Boardroom of the Company at No. 75, Kumaran Ratnam Road, Colombo 02 on 29th of April 2022 at 10.00 a.m. and at any adjournment thereof for the following purposes;

Please indicate your preference by placing a 'X' in the box of your choice against each Resolution

		For	Against
1	Receiving of the Annual Report and the Audited Financial Statements of the Company for the year ended 31st December 2021 together with the Report of the Auditor's thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr. Avindra Rodrigo who retires by rotation in terms of Article 25 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-appointment of Ms. Warini De Costa in terms of Article 21(3) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4	Re-appointment of Ms. Annika Senanayake in terms of Article 21(3) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5	Re-appointment of Mr. Mahela Jayawardena in terms of Article 21(3) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6	Re-appointment of Mr. Dinesh Schaffter in terms of Article 21(3) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7	Declaration of a final dividend of LKR 2.30 per share for the year ended 31 December 2021 as recommended by the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>
8	Re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company for the ensuing year and authorizing the Board of Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
9	Authorizing the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2022

.....
Signature

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY

1. Please perfect the form of Proxy overleaf, after filling in legibly your full name and address, by signing in the space provided and filling the date of signature and your National Identity Card Number.
2. The completed form of Proxy must be forwarded to the Company Secretaries by email secretaries@jcsi.lk, fax +94 112372498, WhatsApp to +94 773647178 or directly deposited at the office of Company Secretaries, Janashakthi Corporate Services Limited, No. 15, Walukarama Road, Colombo 03 not less than 48 hours before the time fixed for the Meeting. No registration of proxies will be accommodated after this deadline.
3. If an Attorney has signed the form of Proxy, the relative Power of Attorney should also accompany the completed form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the Shareholder is a company or a corporate body, the Proxy should be executed in accordance with its Articles of Association or Constitution. The Company may but shall not be bound to require evidence of the authority of any such attorney or officer.
5. If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the form of Proxy has been completed, no vote will be recorded by the form of Proxy.

Stakeholder Feedback Form

To request information or submit a comment/query to the Company, please complete the following and return this page to,

Janashakthi Corporate Services Limited

No.15, Walukarama Road,

Colombo 03,

Sri Lanka.

Fax : +94 11 2372498

Email: companysecretaries@khlcs.lk

Name :

Permanent Mailing Address :

Contact Numbers (Tel) :
Country Code Area Code Number

(Fax) :
Country Code Area Code Number

Email :

Name of Company :
(If Applicable)

Designation :
(If Applicable)

Company Address :
(If Applicable)

Comments/Queries :
.....
.....
.....



JANASHAKTHI
Life