



Sri Lanka Insurance

Like a father - Like a mother



Information Deck



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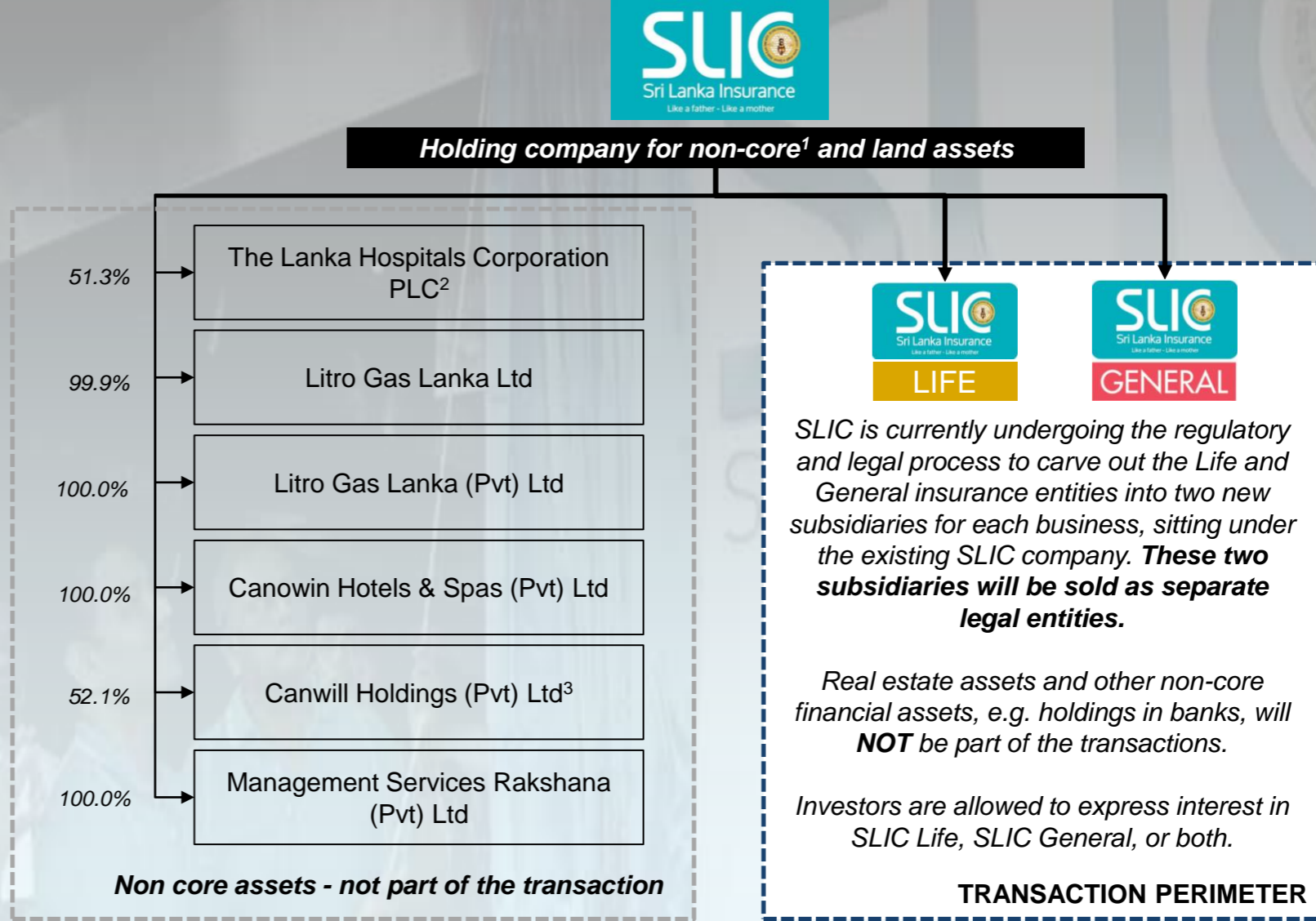
3 SLIC Life Insurance

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1 Overview of transaction perimeter

SLIC LI and SLIC GI entities undergoing divestiture

SLIC is presently 99.97% owned by the Government of Sri Lanka via the Secretary to the Treasury. The Government of Sri Lanka intends to **divest the majority, up to entirety, of its shareholding in SLIC Life Insurance and SLIC General Insurance.** The Government has mandated **Alvarez & Marsal (“A&M”)** and **Capital Alliance (“CAL”)** to advise on the divestiture



1. Non core assets structure are subject to change at the time of the transaction, 2. The Lanka Hospitals Corporation PLC holds 100% of Lanka Hospitals Diagnostic (Pvt) Ltd, 3. Canwill Holdings holds 100% of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd



Macro and industry overview

2 Robust market fundamentals supporting future outlook

Despite macro challenges, the market fundamentals remain strong

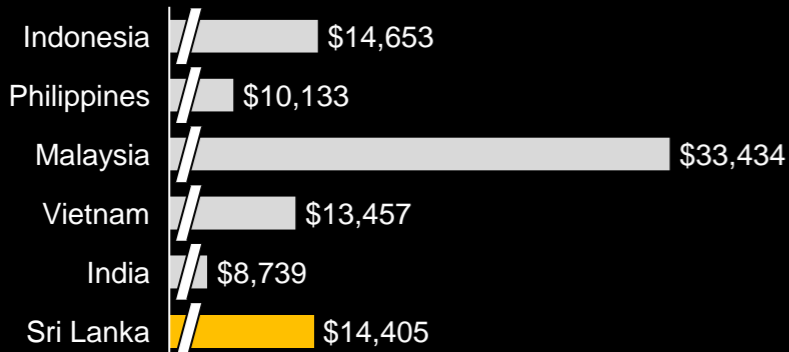


GDP PPP per capita to support insurance penetration

Sri Lanka's GDP PPP per capita remains higher vs peers



GDP PPP per capita (USD, 2022)

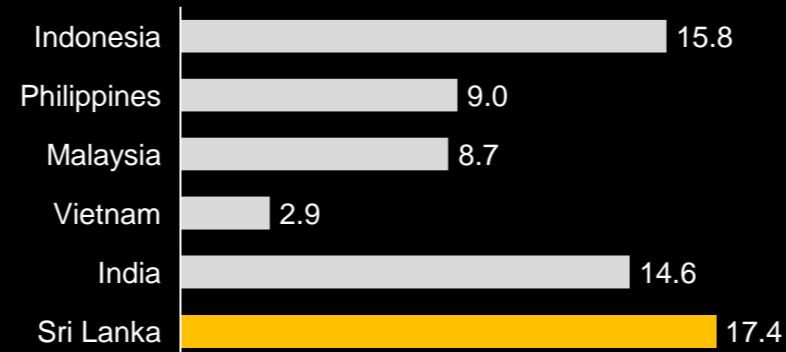


Bancassurance as emerging channel

Sri Lanka has one of the highest bank branches density vs peers



Commercial bank branches per 100,000 adults (#, 2021)

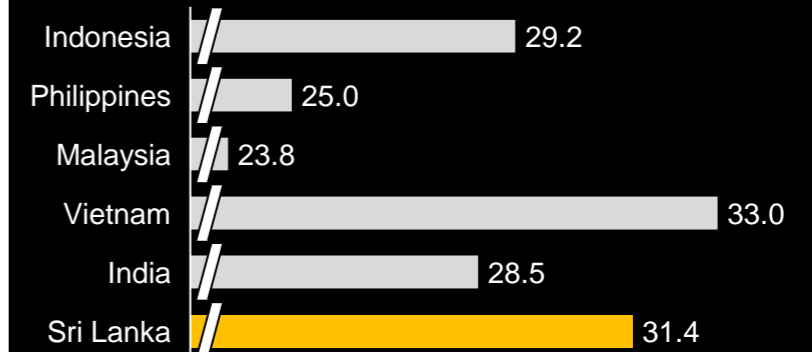


Gross savings to support spending

This will support insurance spends once macro improves



Gross savings rate (% of GDP, 2020)



2 Evolving digital economy

Increased internet / mobile penetration & digital payments will accelerate innovation



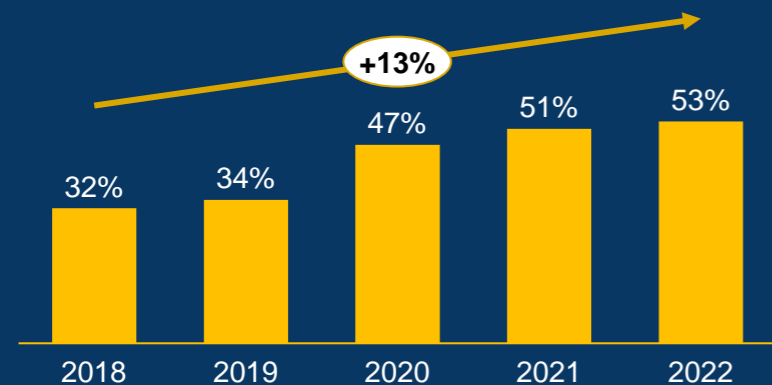
Internet penetration

Rapidly increasing internet usage correlates with insurance demand



Internet penetration rate

(Internet users as a % of total population, 2018-2022)



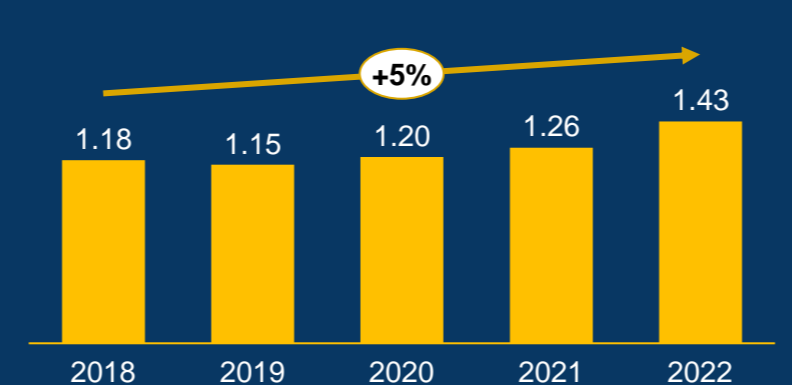
Mobile penetration

Persistently high mobile to population ratio facilitates distribution efforts



Mobile penetration rate

(# of SIM card per person, 2018-2022)



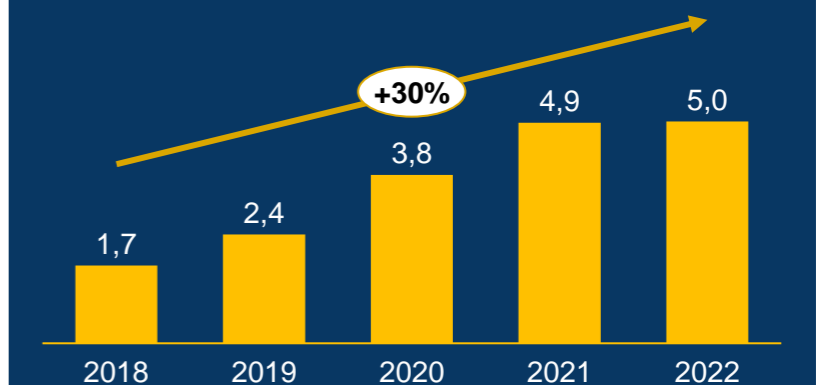
Digital payments

Sri Lanka's financial services sector is developing rapidly



Digital payments value

(USD Bn, 2018-2022)



2 Consolidation in the insurance market driving scale

Multiple acquisitions with aim to solidify market position and grow scale

Non-exhaustive

Year	Acquirer (mkt share pre acquisition)	Target (mkt share at the time of acquisition)	Market share ranking post acquisition
2018	<p>Allianz (6.4%)</p>	<p>Janashakthi General (12.6%)</p>	#1
2015 & 2017	<p>fairfirst INSURANCE A FAIRFAX Company (0%)</p>	<p>Fairfax acquired majority stake in Union Assurance General (2015) and then acquired Asian Alliance General (2017), before rebranding to Fairfirst</p> <p>union assurance general Trust in your tomorrow, today. (8.2%)</p> <p>Asian Alliance Insurance A Softlogic Company (3.0%)</p>	#4
2016	<p>Janashakthi General (10.7%)</p>	<p>AIA General (4.8%)</p>	#3



60 YEARS AS THE NATION'S PROTECTOR

SLIC Life Insurance

SLIC My Pride,
Our Nation's Pride

A Strong industry tailwinds



- Life insurance industry GWP has been growing at a **strong CAGR of 14% over the last 4 years**
- Life insurance penetration in Sri Lanka is the lowest amongst regional peers hence there is still **significant growth potential**

B Robust financial health



- SLIC Life Insurance has shown **robust performance in the last 4 years**, achieving 12% CAGR in GWP growth
- SLIC operates the **largest Life fund** vs peers and continues to maintain healthy **capital adequacy ratio** of 316%

C Top 3 insurance player in life insurance



- Sri Lankan insurers typically grow share via acquisitions instead of organic growth, although leaders like SLIC and Ceylinco have not been up for sale in recent years
- This offers a **unique opportunity for investors to establish a dominant position in Life Insurance**, and this is critical given **insurance is a scale game**

D Distribution excellence



- SLIC Life Insurance has the **largest branch and agent network** in the country with 142 branches and over 17,000 agents – agents and branches are the biggest life insurance distribution channels in Sri Lanka
- SLIC also has **several business partnerships to support life insurance distribution**, esp. bancassurance, which is an emerging channel in Sri Lanka

E Digital futureproofing



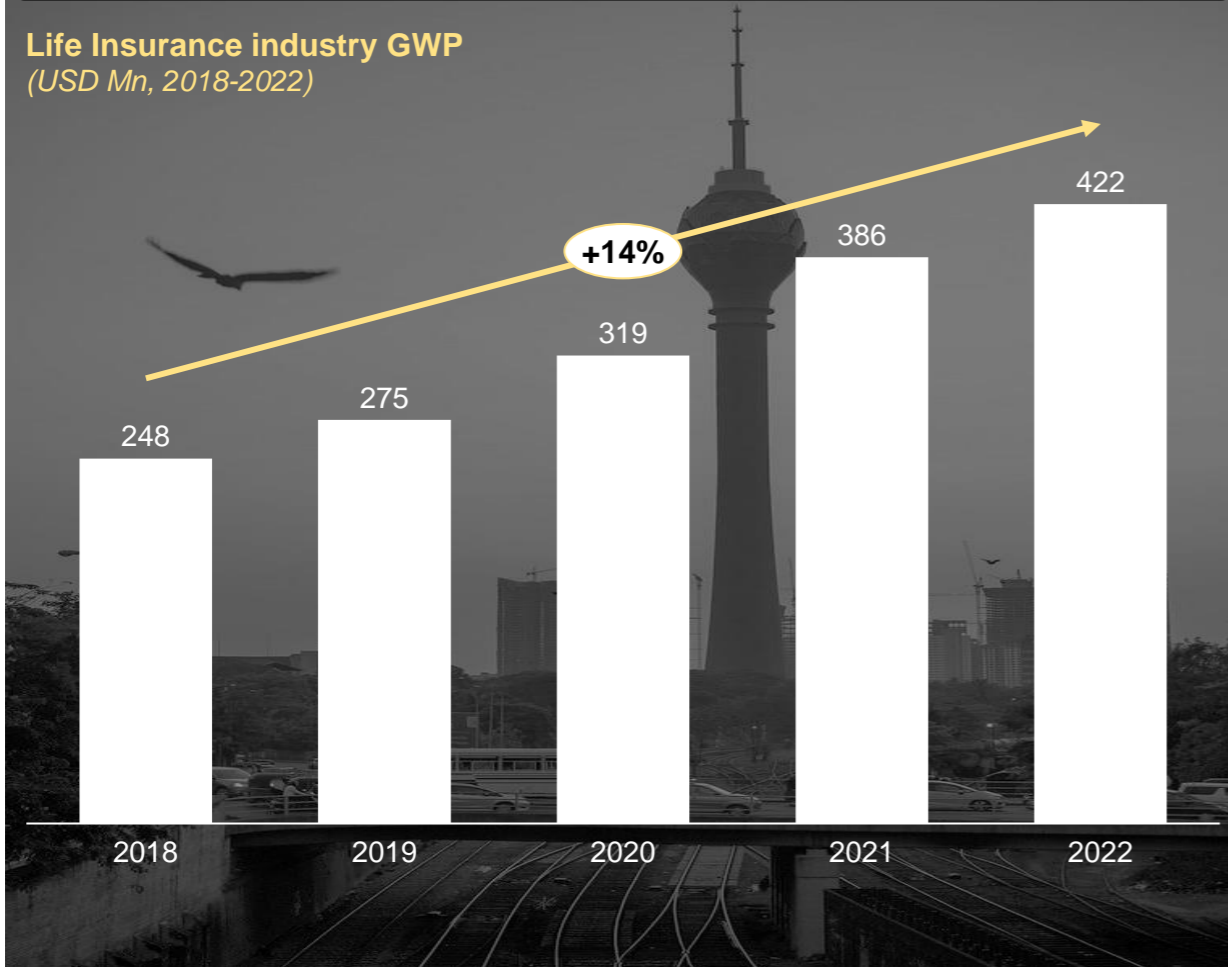
- Sri Lanka's growing digital economy, accelerated by the pandemic and growing internet penetration, is delivering significant implications for the insurance industry
- SLIC Life Insurance is **well positioned to take advantage** of this trend, having planned several digital initiatives to revamp CX and further drive efficiencies

3A Life Insurance industry tailwinds

Strong GWP growth expected given low insurance penetration in Sri Lanka

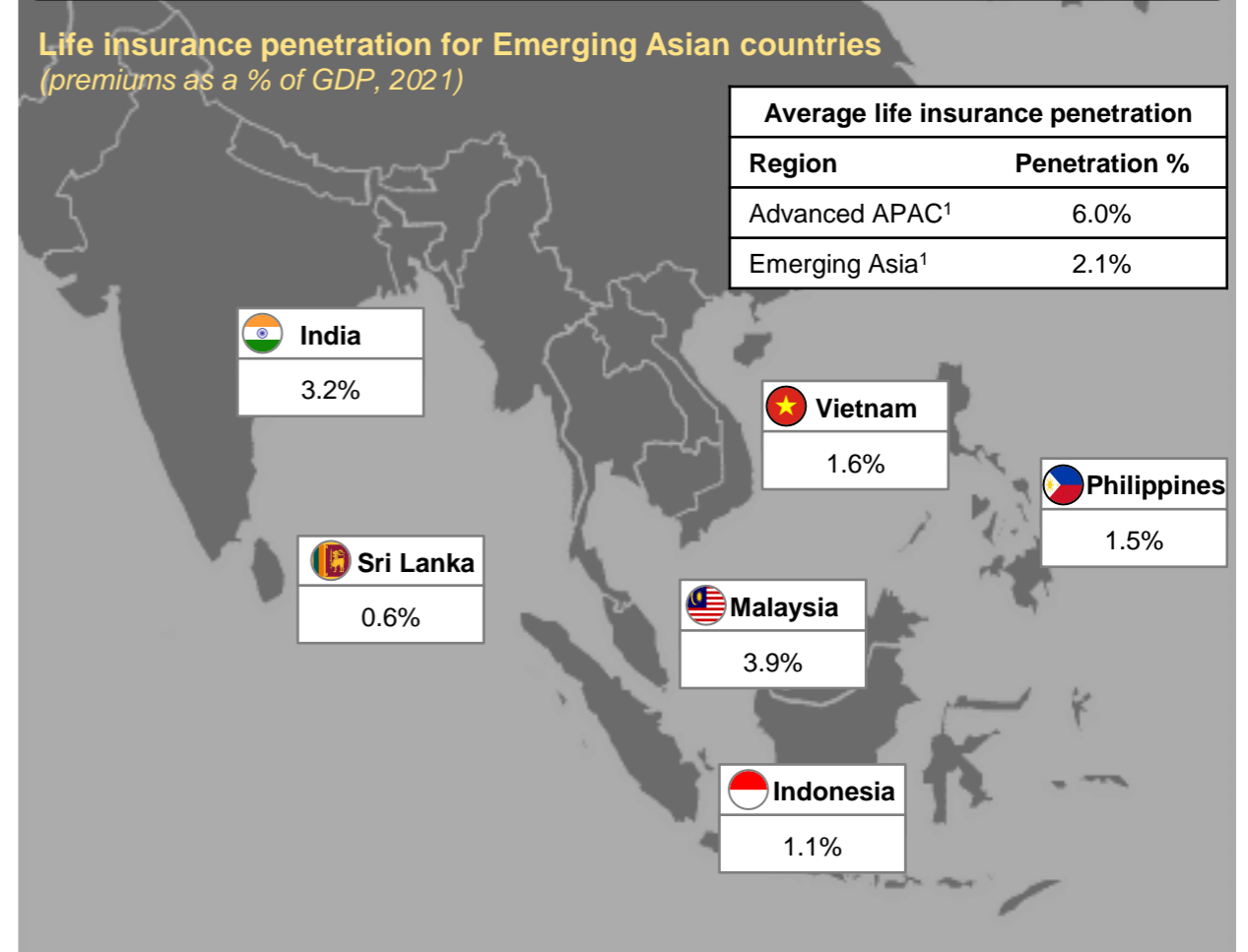
Life Insurance industry GWP has grown at a high CAGR

Life Insurance industry GWP
(USD Mn, 2018-2022)



And is likely to continue as life insurance penetration will likely catch up with emerging Asian peers

Life insurance penetration for Emerging Asian countries
(premiums as a % of GDP, 2021)



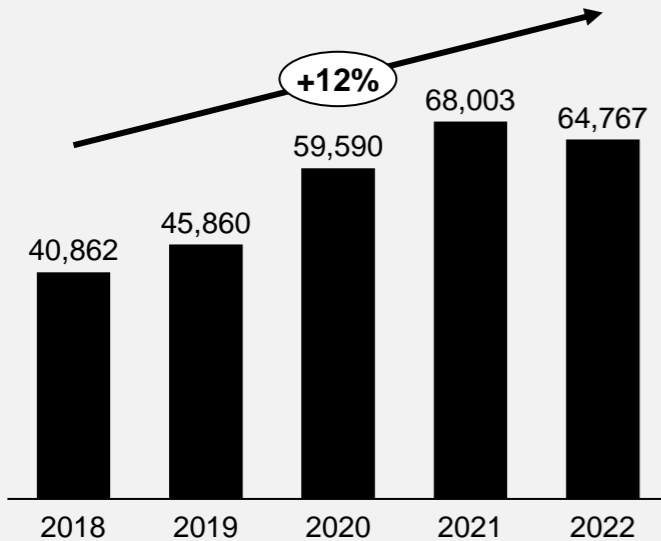
1.. As outlined in the Swiss RE report – World insurance: Inflation risks front and centre (2022)
 USD / LKR rate of 323.16 used (last 3-month average)
 Source: Swiss RE report – World insurance: Inflation risks front and centre (2022) , IRCSL Statistical Review 2022

3B Robust financial health

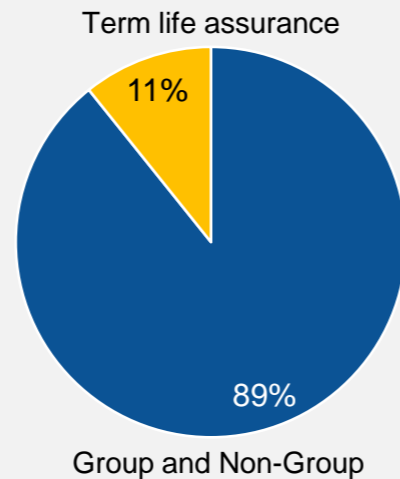
SLIC operates the largest Life fund vs peers and has capital adequacy ratio of 316%

SLIC Life Insurance overview

Life insurance GWP
(USD '000, 2018-2022)

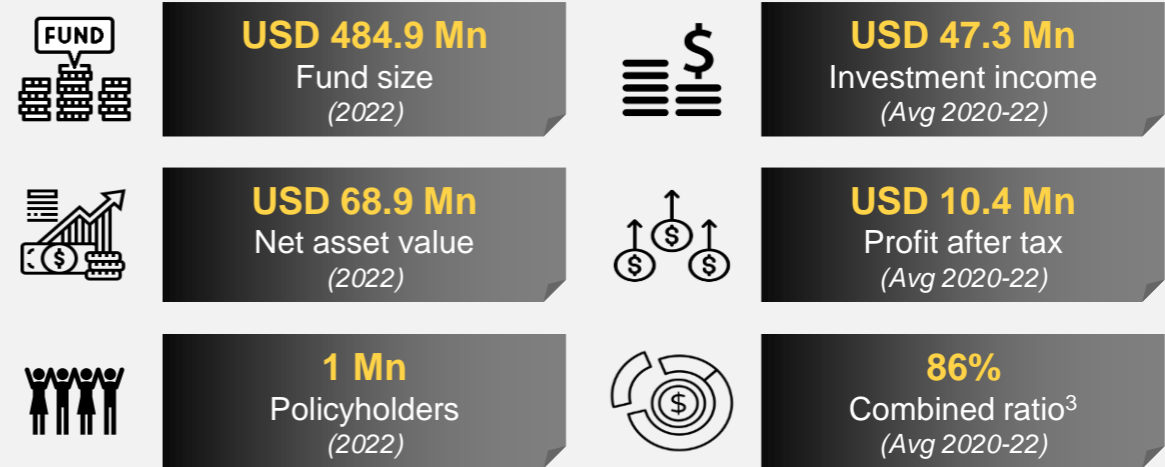


Product mix
(GWP %, 2022)



- Challenge in 2022 due to drop in disposable incomes
- Despite 5% drop in GWP in 2022, number of policy holders only declined by 0.7%

SLIC Life Insurance's financial highlights¹



Financial performance vs industry

	SLIC	Industry
Claims ratio³ (Avg 2020-22)	49%	42%
Expense ratio³ (Avg 2020-22)	37%	41%²
Combined ratio³ (Avg 2020-22)	86%	83%²
Capital adequacy ratio (2022)	316%	303%

1. Pre-segregation figures, 2. Expense ratio and combined ratio for 2022 are the average of top insurance companies constituting 92% of total Life industry GWP, 3. Claims ratio, expense ratio, and combined ratio are based on Net Earned Premium USD / LKR rate of 323.16 used (last 3-month average)

Source: SLIC Annual Report 2022, IRCSL Statistical Review 2022, Companies' Annual Reports

3C SLIC Life Insurance's leadership position
 Top 3 player in a highly concentrated market with strong local brand

Player	GWP (USD Mn, 2022)	Market share (% of GWP, 2022)	No. of Life Policies in force (2022)
	90	21%	1,046,468
	71	17%	844,398
	65	15%	1,018,095
	54	13%	294,026
	51	12%	256,480

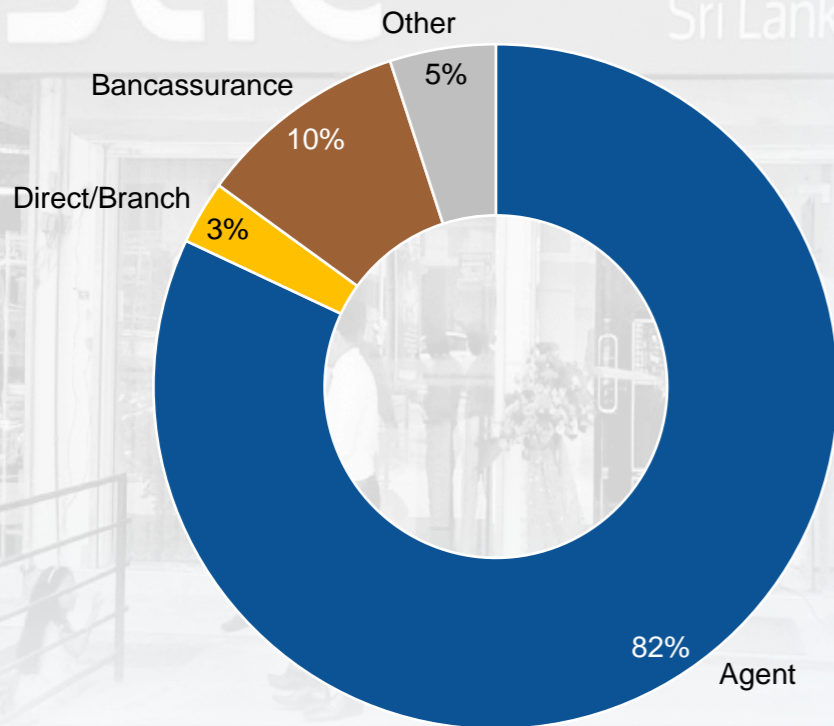


3D Distribution excellence

SLIC LI has largest branch & agent networks, supported with banca partners

Key life insurance distribution channels are agents and banca

Life Insurance industry – channel split (% , 2022)



Key channels

1 Captive¹ agents and branches



2 Banca and other partnerships



SLIC Life Insurance's distribution assets

Insurer	Branches (2022)	Agent network (2022)
SLIC	142 ²	17,067
CEYLINCO LIFE	132	2,868
softlogic LIFE	102	2,890
AIA	110	4,462
UNION ASSURANCE A JOHN KEELLS COMPANY	79	3,177

Bancassurance partners

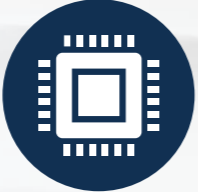



PEOPLES BANK The Bank of the People (740+)	BANK OF CEYLON Bankers to the Nation (570+)
RDB (270+)	SEYLAN BANK PLC (170+) (No of branches)

Other partnerships

LANKA HOSPITALS	Driveline
ezCash Money to your mobile	pay&go
m Cash Cash in a Flash	Sri Lanka Telecom
CEYLON MOTOR TRADERS ASSOCIATION CMTA	Mobitel We Care. Always.

1. Agents are allowed to only sell insurance products from one company each for Life and General Insurance; 2. SLIC's branches are currently operated on a shared basis between Life and General Insurance
Source: IRC SL Industry Handbook 2022, SLIC Annual Report 2022, IRC SL Statistical Review 2022, Companies' Annual Reports

3E Digital futureproofing
 Planned digital initiatives for '24-'25 to revamp CX and drive efficiencies

Focus area	Key initiatives (non-exhaustive)
<p>Internal process efficiency</p> 	<ul style="list-style-type: none"> • Automate end-to-end processes, e.g. claim management, finance processes, etc. • Expand digital signature across internal processes • Introduce cloud-based HR services
<p>Customer experience</p> 	<ul style="list-style-type: none"> • Revamp Customer Portal and Customer App • Develop platform partnership with Health and Banking sector • Build “Customer Loyalty and Rewards” platform
<p>Sales process improvements</p> 	<ul style="list-style-type: none"> • Introduce new CRM platform • Build integrated sales systems for Bancassurance and Broker as distribution channels • Enhance online sales portal and expand online product portfolio
<p>Compliance and information security</p> 	<ul style="list-style-type: none"> • Consolidate efforts on current ISO9001 and ISO 27001, and future ISO27701 certifications • Enable IFRS 17 implementation • Bolster cyber resilience while expanding SOC capabilities



60 YEARS AS THE NATION'S PROTECTOR

SLIC General Insurance

SLIC My Pride,
Our Nation's Pride

A Strong industry tailwinds



- General Insurance industry GWP has been growing at a positive CAGR of 4% over the last 4 years, with **11% YoY growth achieved in 2022**
- General insurance penetration in Sri Lanka is one of the lowest amongst regional peers hence there is still **significant growth potential**

B Robust financial health



- SLIC General Insurance has achieved stable GWP growth with **key performance ratios** – claims and expense ratio – **ahead vs peers**
- SLIC continues to maintain a **healthy capital adequacy ratio of 244%**, which is significantly ahead vs peers

C Top 2 insurance player in general insurance



- Sri Lankan insurers typically grow share via acquisitions instead of organic growth, although leaders like SLIC and Ceylinco have not been up for sale in recent years
- This offers a **unique opportunity for investors to establish a dominant position in General Insurance**, and this is critical given **insurance is a scale game**

D Distribution excellence



- SLIC General Insurance has **large branch and agent network** with 142 branches and over 17,000 agents – these contribute to just under 50% of industry GWP

E Digital futureproofing



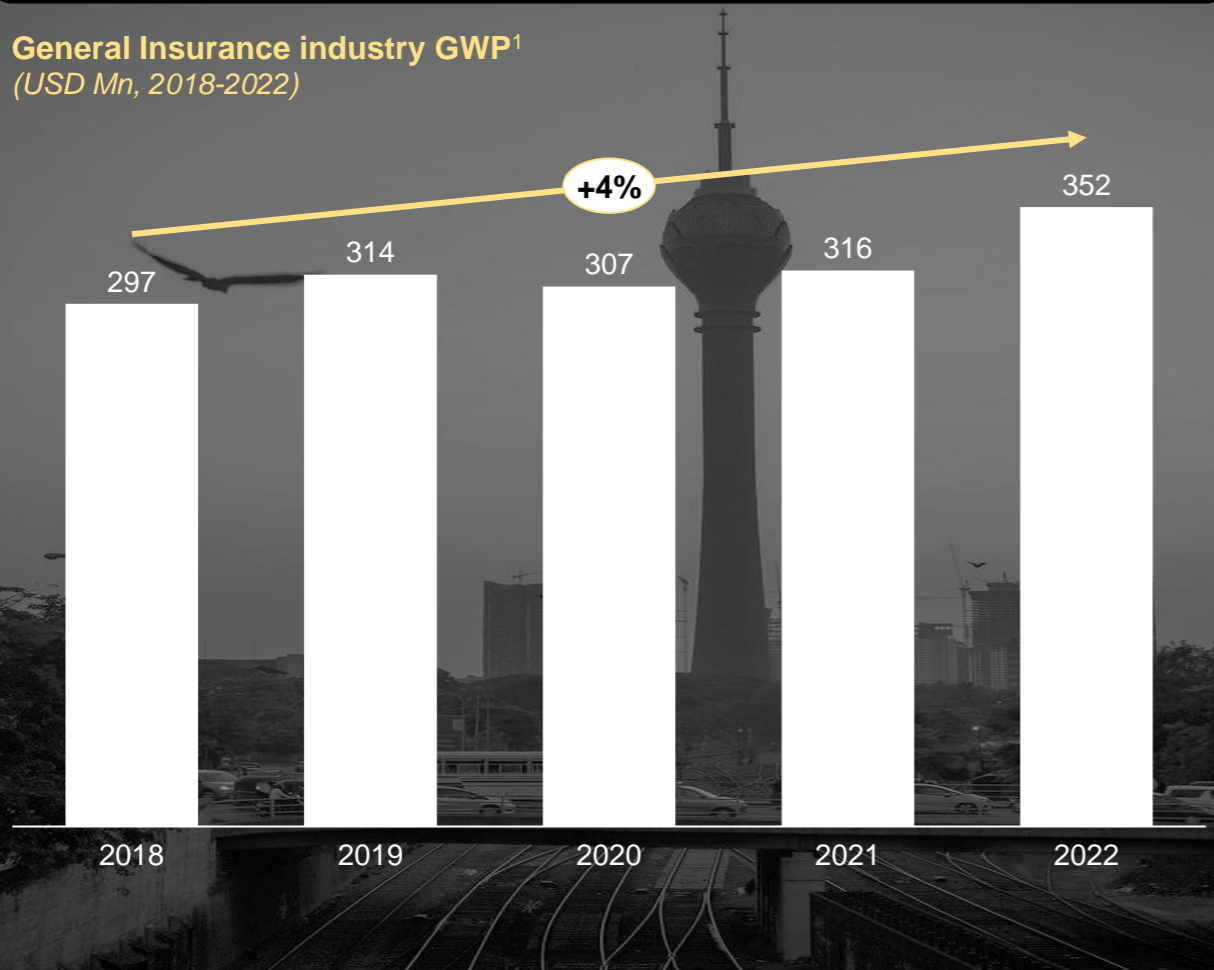
- Sri Lanka's growing digital economy, accelerated by the pandemic and growing internet penetration, is delivering significant implications for the insurance industry
- SLIC General Insurance is **well positioned to take advantage** of this trend, having planned several digital initiatives to drive process automation and CX for higher cross-sell / renewals

4A General Insurance industry tailwinds

Growth has accelerated and expected to continue given low insurance penetration

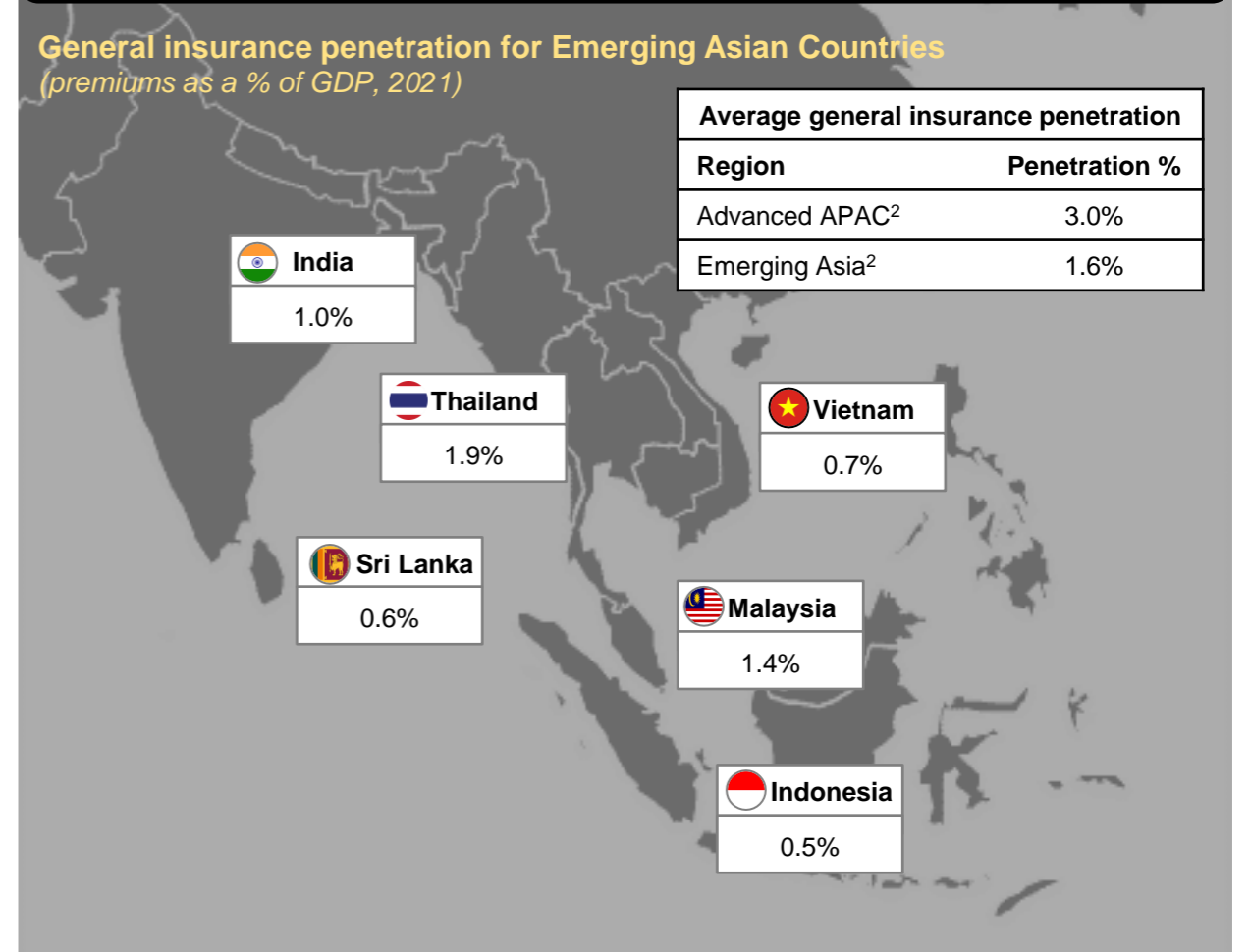
General Insurance industry GWP growth has accelerated in 2022

General Insurance industry GWP¹
(USD Mn, 2018-2022)



And is likely to continue as general insurance penetration will likely catch up with emerging Asian peers

General insurance penetration for Emerging Asian Countries
(premiums as a % of GDP, 2021)



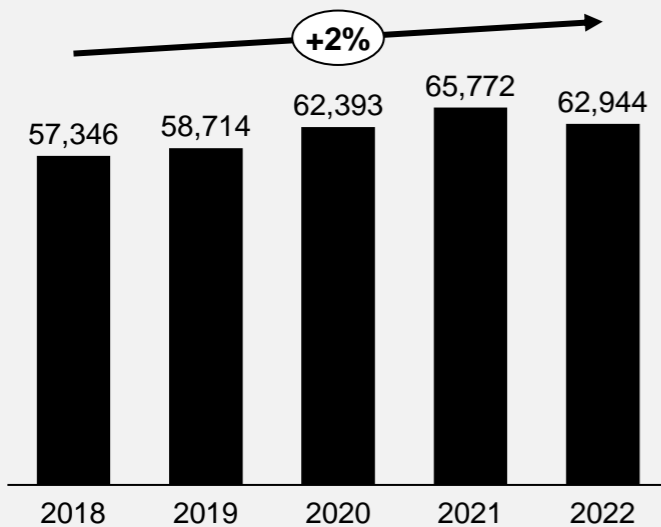
1. Excludes SRCC & T, 2. As outlined in the Swiss RE report – World insurance: Inflation risks front and centre (2022)
USD / LKR rate of 323.16 used (last 3-month average)
Source: Swiss RE report – World insurance: Inflation risks front and centre (2022) , IRC SL Statistical Review 2022

4B Robust financial health

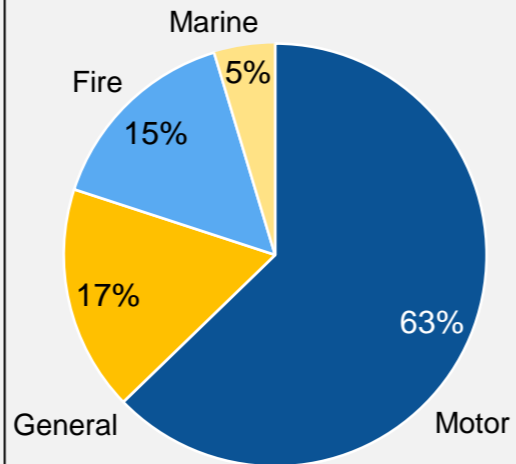
Stable GWP increase with key performance ratios ahead of peers

SLIC General Insurance overview

General insurance GWP
(USD '000, 2018-2022)

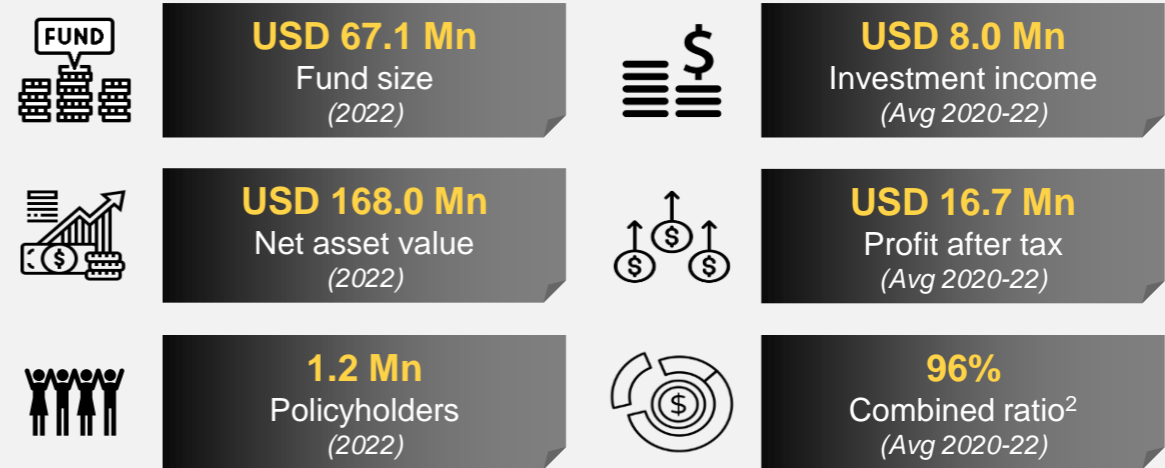


Product mix
(GWP %, 2022)



- Motor sector continues to be the headwinds due to import restrictions
- Also slight GWP drop in 2022 due to government 'Suraksha' scheme rotating out from SLIC

SLIC General Insurance financial highlights¹



Financial performance vs industry

	SLIC	Industry
Claims ratio² (Avg 2020-22)	58%	60%
Expense ratio² (Avg 2020-22)	38%	43%
Combined ratio² (Avg 2020-22)	96%	103%
Capital adequacy ratio (2022)	244%	207%

1. Pre-segregation figures, 2. Claims ratio, expense ratio, and combined ratio are based on Net Earned Premium, and excluding SRCC & T
USD / LKR rate of 323.16 used (last 3-month average)
Source: SLIC Annual Report 2022, IRC SL Statistical Review 2022

4C SLIC General Insurance's leadership position
 Top 2 General Insurance player with market leadership in Motor

Player	GWP (USD Mn, 2022)	Market share (% of GWP, 2022)
	76	18%
	63	16%
	45	12%
	39	10%
	27	6%



USD / LKR rate of 323.16 used (last 3-month average)
 Source: IRC SL Statistical Review 2022, Companies' Annual Reports

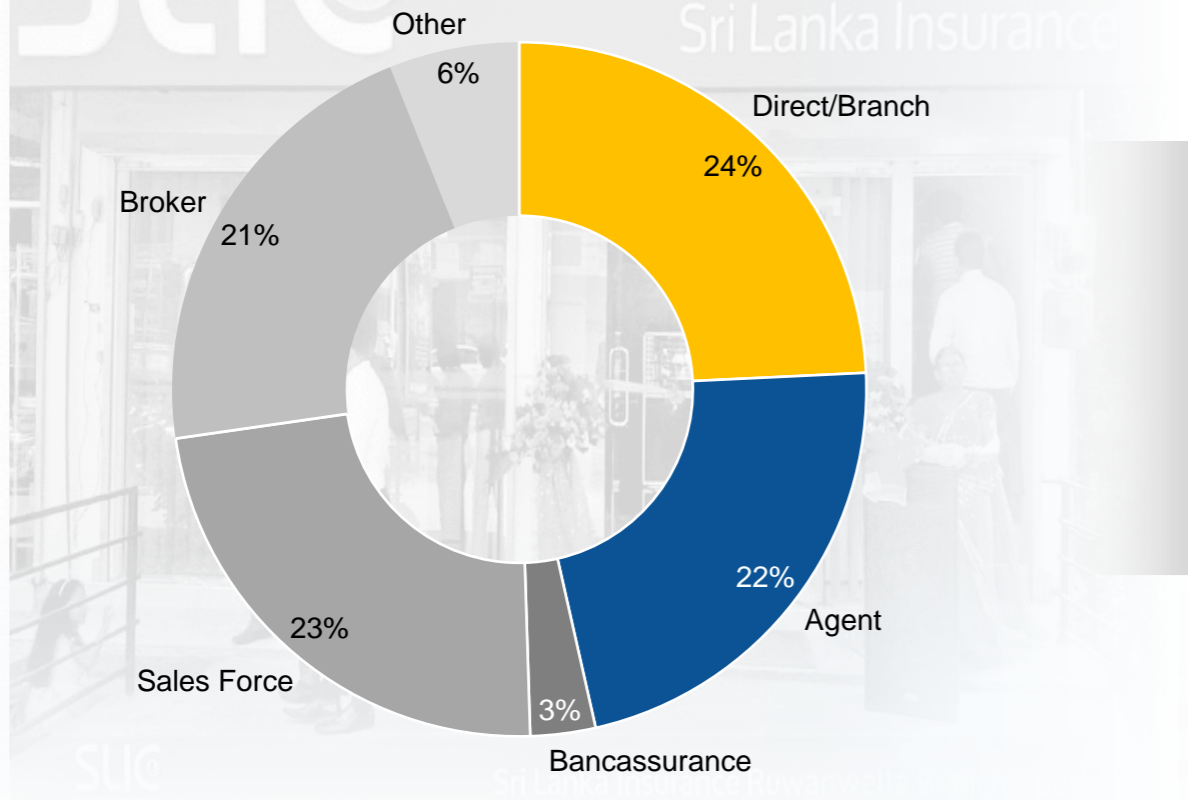
4D

Distribution excellence

SLIC General Insurance has extensive branch & agent networks

Branches and agents as key distribution channels

General Insurance industry – channel split (% , 2022)

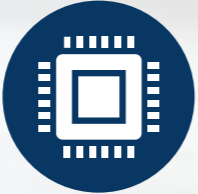




SLIC General Insurance’s distribution assets vs peers

Insurer	Branches (2022)	Agent network (2022)
Sri Lanka Insurance Like a father - Like a mother	142 ²	17,067
CEYLINCO VIP ON THE SPOT	190	990
Allianz	112	834
fairfirst INSURANCE A FAIRFAX Company	66	444
LOLC	80	304

1. Agents are allowed to only sell insurance products from one company each for Life and General Insurance; 2. SLIC’s branches are currently operated on a shared basis between Life and General Insurance
Source: IRC SL Industry Handbook 2022, SLIC Annual Report 2022, IRC SL Statistical Review 2022, Companies’ Annual Reports

4E Digital futureproofing
 Planned initiatives to drive process automation and CX for higher cross-sell / renewals

Focus area	Key initiatives (non-exhaustive)
<p>Internal process efficiency</p> 	<ul style="list-style-type: none"> • Evaluate and migrate existing core system to a modular-based and cloud-based system • Upgrade in-house Data Analytics platform • Expand Digital Signature system across internal processes • Extend E-document system to all internal departments
<p>Customer experience</p> 	<ul style="list-style-type: none"> • Revamp Customer Portal and Customer App • Extend Corporate Customer Portal for SHE dashboard • Implement Remote Vehicle Inspection • Enhance claims experience through streamlined and faster approval
<p>Sales process improvements</p> 	<ul style="list-style-type: none"> • Revamp Management Dashboards to track key Business KPIs daily • Drive online and self-assisted premium renewals and payments • Revamp Agents' Portal and Lead Management • Enable product portfolio expansion for on-line purchase

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