Serendib Insurance

Annual Report 2025

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Contents

PART 1: SUMMARIES OF INSURANCE BUSINESS

In 2025, there are **7 micro-insurance companies** operating in Cambodia, offering diversified products such as life, health, and personal accident insurance. Each company is supported by its affiliated partners, including microfinance institutions, leasing companies, and telecommunications providers, enabling wider outreach and financial inclusion.

According to internal industry estimates and trends observed by the Insurance Regulator of Cambodia (IRC), the micro-insurance market reached to **USD 10.8 million in Gross Written Premium (GWP)** in 2025, reflecting steady growth compared to previous years.

Life and health insurance products continue to dominate the micro-insurance segment, accounting for **96% of total micro-insurance premiums**, driven by increasing awareness of financial protection and healthcare needs among low-income populations.

Despite this growth, micro-insurance remains a relatively small segment within the overall insurance industry. As of 2025, micro-insurance GWP contributes **3% of the total insurance market**, indicating significant potential for further expansion in the coming years.

1. Chairman's Message

Dear Shareholders, Partners, and Valued Clients,

It is my privilege to present our Annual Report of Serendib Microinsurance for the year ended 31 December 2025.

The year under review was marked by resilience, adaptation and steady progress, both for our Company and for Cambodia's evolving insurance sector. Against a backdrop of economic uncertainty, climate-related vulnerabilities and shifting market dynamics, the importance of accessible and affordable financial protection has become even more evident.

Cambodia's economy demonstrated resilience in 2025, with moderate growth supported by manufacturing, exports and continued investment inflows. While global and regional uncertainties persisted, macroeconomic stability was largely maintained. Within this environment, the insurance sector continued its gradual expansion, supported by improving public awareness, a strengthening regulatory framework and growing recognition of the role insurance plays in enhancing financial security and inclusion.

For Serendib Microinsurance, 2025 was a year of consolidation and strengthening. The Board remained focused on ensuring that the company's growth was pursued responsibly, supported by sound governance, prudent risk management and regulatory compliance. We believe that sustainable growth must be anchored in discipline, transparency and long-term strategic clarity.

I am pleased to note that the Company recorded strong growth during the year, with Gross Written Premium increasing from USD 6.2 million in 2024 to USD 8.9 million in 2025, representing growth of approximately 43.5%. Total sum insured also increased significantly from USD 893 million to USD 1.377 billion, reflecting the growing confidence our clients and partners continue to place in us.

Equally important, the number of insured persons increased to over 448,000 during the year, reaffirming our commitment to extending financial protection to underserved communities and supporting Cambodia's broader financial inclusion agenda.

The Board continued to place strong emphasis on regulatory compliance, capital adequacy and governance oversight. I am pleased to report that the Company maintained a solvency ratio in excess of 120% throughout the year, reflecting our sound financial position and disciplined approach to risk management. We also worked closely with the Insurance Regulator of Cambodia to ensure that our governance structures and operational frameworks remained aligned with evolving regulatory expectations.

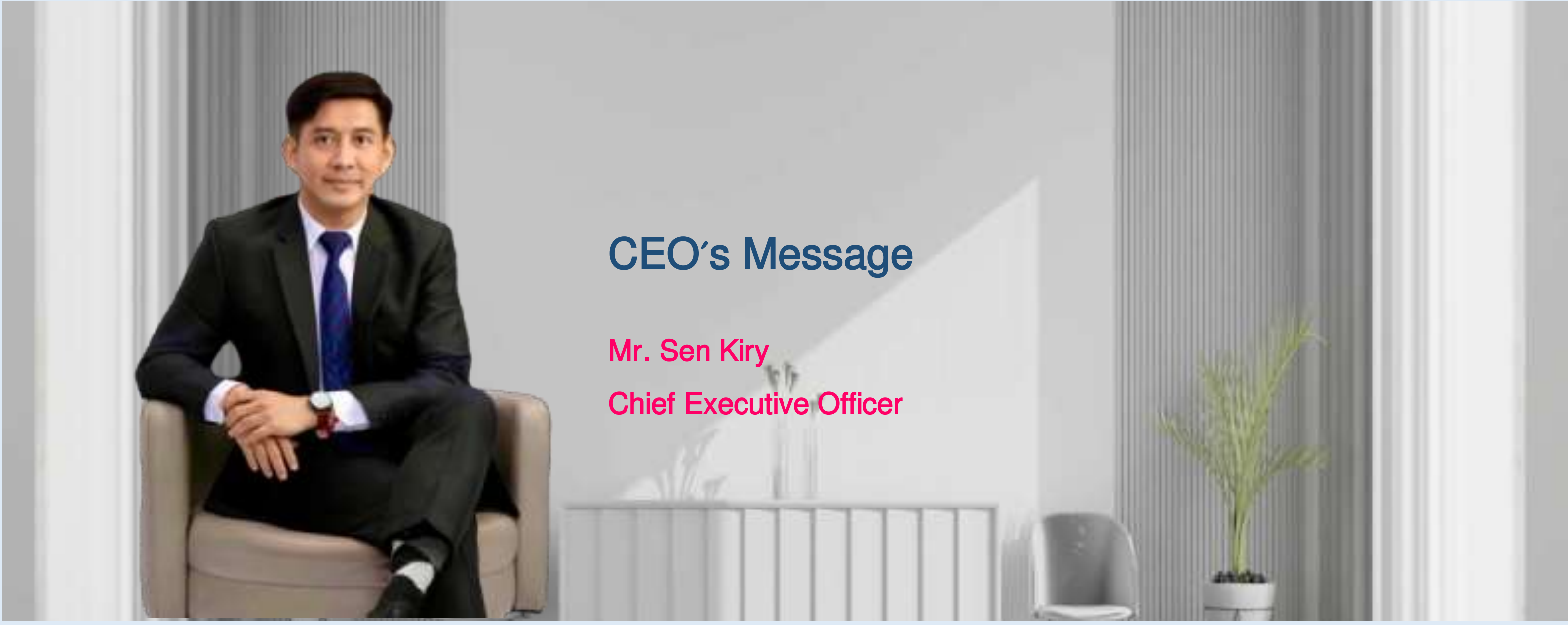
As we look ahead, the Board remains confident in the long-term potential of the insurance sector in Cambodia and the opportunities that lie ahead for Serendib Microinsurance. Our focus will remain on strengthening the Company's institutional foundations, supporting innovation responsibly, expanding access to protection and ensuring that our business continues to deliver sustainable value to all stakeholders.

The Board also recognises that our greatest strength lies in our people. I wish to acknowledge the dedication and professionalism of our management team and employees, whose commitment has been instrumental in the Company's progress. Their efforts continue to uphold the trust placed in us by our clients, partners and shareholders.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders, business partners, regulators, employees and clients for their continued confidence and support. Together, we remain committed to building a stronger, more inclusive and more resilient insurance sector in Cambodia.

Mr. Brindley De Zylva

Chairman



2. CEO's Message

Our Contribution to the Insurance Industry

According to the Insurance Association of Cambodia's 2025 statistics, Cambodia's microinsurance market recorded strong growth of 26.8% year on year, with total Gross Written Premium (GWP) increasing from US$8.87 million in 2024 to US$10.8 million in 2025. This expansion was driven mainly by the Life segment, which grew sharply and accounted for 93% of the total market GWP.

Within this growing market, Serendib Microinsurance (SMI) continued to strengthen its contribution to the industry. SMI's GWP increased from US$6,206,818 in 2024 to US$8,987,228 in 2025, representing a growth of 44.8%. As a result, SMI accounted for 80.2% of the microinsurance industry's total GWP in 2025 and 86.0% of the micro life market, reaffirming SMI's role as a leading microinsurance provider in Cambodia.

In terms of claims, SMI paid in 2025, equivalent to 86.4% of all claims paid in the microinsurance market, demonstrating our strong commitment to timely and transparent claims servicing. Meanwhile, the industry as a whole reported claims US$3,479,593, with SMI contributing US$3,062,872, representing 88.3% of the sector's incurred claims.

These achievements highlight SMI's continued focus on supporting the financial resilience of Cambodian families, particularly through accessible life protection products such as Serendib Raksa and other microlife solutions tailored to rural and low-income communities.

Captive Growth and Expanded Partnerships

SMI's sustained performance in 2025 was supported by strategic partnerships and efficient distribution channels. Cambodia's microinsurance distribution is increasingly concentrated in bancassurance, which accounted for 79.0% of total market premium in 2025, an area where SMI has established strong and trusted collaborations.

Since its inception, SMI has partnered closely with banks, MFIs, and corporate agents, enabling widespread access to affordable and reliable protection solutions. These partnerships have continued to drive both volume and sustainability, contributing to SMI's ability to maintain a market-leading presence and deliver consistent value to customers.

In 2025, the microinsurance market also saw a notable increase in policy count, rising 34.46% year on year, from 504,948 to 678,973 policies. SMI's partner network contributed significantly to this growth by expanding financial inclusion efforts and improving accessibility for underserved populations.

SMI's Alignment with ESG

SMI remains committed to implementing strong Environmental, Social, and Governance (ESG) practices. In 2025, SMI continued to strengthen its internal systems and governance frameworks to align with responsible business conduct.

In alignment with ESG principles, SMI has focused on:

- Reinforcing governance through compliance with IRC regulations, industry standards, and best international practices.
- Enhancing responsible microinsurance practices, ensuring transparency, fairness, and suitability in product offerings and sales conduct.
- Prioritizing customer protection, including clear communication, simplified product structures, and a strong commitment to efficient and fair claims management.
- Embedding ethical and sustainable operations, particularly in data governance, risk management, and responsible-selling frameworks.

These ongoing efforts underline SMI's commitment to long-term sustainability and responsible insurance operations in 2025.

Our Strategies for 2026

Our strategic priorities for 2026 will focus on sustaining growth, strengthening governance, and improving customer value:

a) **Enhancing distribution and product innovation**
SMI will continue expanding its bancassurance network while improving direct and digital channels. We will introduce enhanced versions of existing micro-life products to improve affordability, customer benefits, and overall accessibility.

b) **Improving claims excellence and customer experience**
SMI will implement upgraded claims monitoring tools and customer communication systems to ensure faster turnaround times and more transparent service.

c) **Strengthening human capital and organizational capability**
Staff development will remain a priority. SMI will invest in continuous training in compliance, customer care, and emerging technologies to keep pace with industry advancements.

d) **Upholding strong governance and ESG alignment**
The company will reinforce data governance, conduct risk management, and responsible selling practices in alignment with regulatory expectations.

With these strategies in place, SMI is positioned to maintain its leadership in the microinsurance sector and deliver sustained value to customers, partners, and stakeholders.

Closing Message

The achievements of 2025 reflect the dedication of our employees, the trust of our customers, and the strong collaboration with our regulators and partners. On behalf of SMI, I would like to extend my sincere appreciation to the Insurance Regulator of Cambodia, the Insurance Association of Cambodia, our bancassurance partners, our staff, and our valued clients.

Together, we will continue to strengthen the financial resilience of Cambodian families and contribute to a more inclusive insurance landscape.

SERENDIB MICROINSURANCE PLC.
KINGDOM OF CAMBODIA

Mr. Sen Kiry
Chief Executive Officer

3. Summary Business and Financial 3 years

❖ Summary Business performance

	2023	2024	2025
Number of Policy	203,960	315,914	399,985
Number of Insured	269,001	287,672	448,185
Written Premium (USD)	3,261,378	6,206,818	8,987,228
Average age of Insured	40	41	41
Sum- Insured (USD)	444,348,446	893,167,894	1,377,672,353
Average sum-insured (USD)	2,129	2,720	2,644
Average Premium (USD)	16	19.00	17.27
Average Policy sold per day	2,266	866	1,096
Number of Claim	478	753	1,070
Claim incurred(USD)	846,803	1,758,574	3,062,872

❖ Financial 3 Years

Statement of Financial Position

	2023 Audited USD	2024 Audited USD	2025 Audited USD
ASSETS			
Statutory deposit	48,960	49,689	49,838
Property and equipment	46,515	40,764	25,684
Intangible assets	61,427	72,109	81,096
Right-of-use assets	3,354	98,739	75,953
Deferred acquisition cost	561,063	1,049,057	1,439,788
Insurance and other receivables	329,943	774,325	929,164
Term deposits	3,203,726	4,246,219	6,921,754
Cash and cash equivalents	58,586	316,844	576,449
TOTAL ASSETS	**4,313,574**	**6,647,746**	**10,099,726**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,000,000	2,999,900	2,999,900
Capital reserve	1,999,900	-	855,626
Retained earnings/(Accumulated losses)	-805,125	-270,157	842,700
Currency translation differences	-	-	-
TOTAL EQUITY	**2,194,775**	**2,729,743**	**4,698,226**

LIABILITIES			
Insurance contract liabilities	1,967,938	3,532,288	4,743,458
Lease liabilities	3,455	101,524	81,467
Other payables	136,152	254,743	544,488
Current tax liability	11,254	29,448	32,087
TOTAL LIABILITIES	**2,118,799**	**3,918,003**	**5,401,500**
TOTAL EQUITY AND LIABILITIES	**4,313,574**	**6,647,746**	**10,099,726**

As of 31st December 2025, Serendib's total assets increased by approximately 51.5% to USD 10.0 million, compared to USD 6.6 million in 2024. This significant growth was driven primarily by the expansion of the company's core operations, including higher term deposits, deferred acquisition costs, and insurance receivables, reflecting continued business growth and increased activity during the year.

Statement of Profit or Loss and Other Comprehensive Income

	2023 Audited USD	2024 Audited USD	2025 Audited USD
Gross Premium income	3,261,378	6,206,818	8,987,228
Interest income	97,716	233,593	290,563
Investment income	-	-	-
Other income	11,054	24,596	10,957
Total income	**3,370,148**	**6,465,007**	**9,288,748**
Insurance contract benefits, net	-1,970,405	-3,322,925	-4,217,646
Net acquisition cost	-720,798	-1,506,249	-2,455,343
General and Administration expenses	-664,090	-782,080	-1,044,169
Interest expense	-497	-6,579	-8,323
Other Expenses	-	-	-
Profit-Loss before tax	**14,358**	**847,174**	**1,563,267**
Income Tax Expense	-163,476	-312,206	-450,410
Profit-Loss for the year	**-149,118**	**534,968**	**1,112,857**

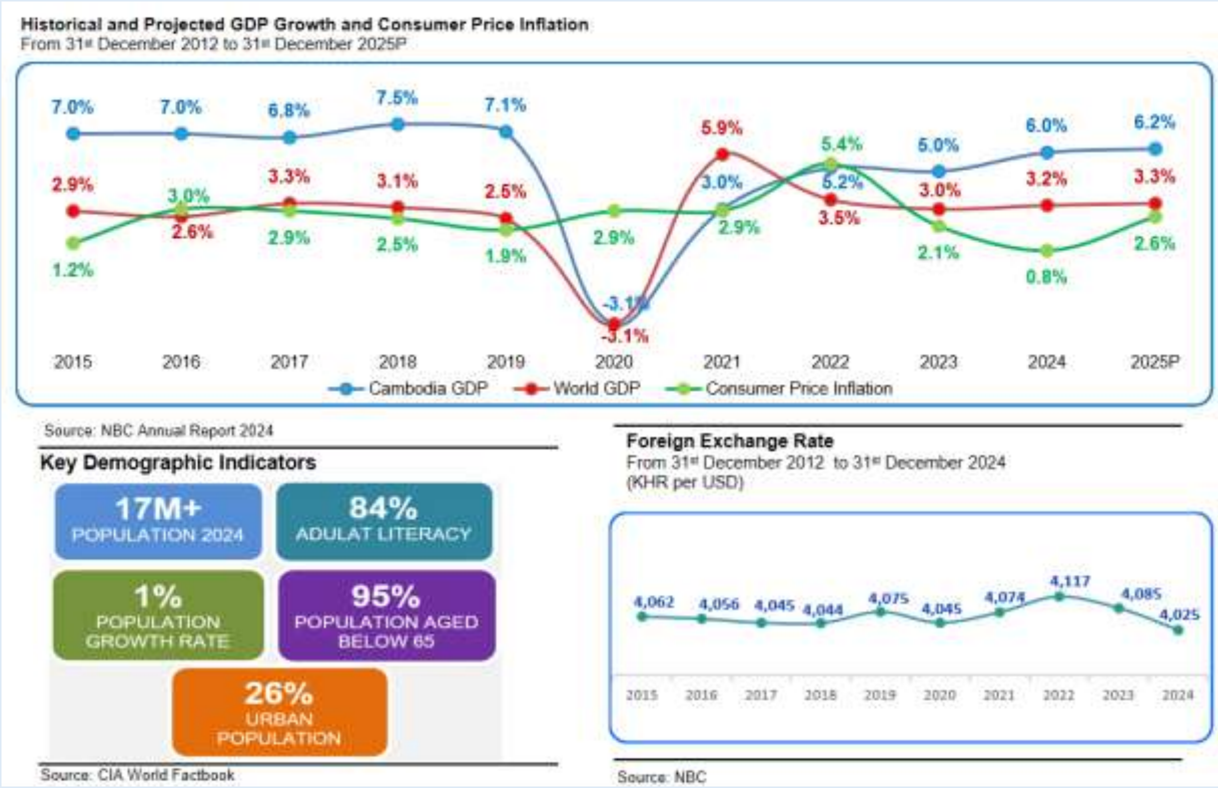
Serendib reported a net profit of USD 1.1 million for 2025 (2024: USD 0.5 million), representing a significant 120% increase year-on-year, driven by strong business growth and improved operational performance. The company achieved a return on equity (ROE) of approximately 23.4% and a return on assets (ROA) of approximately 10.9% in 2025, reflecting enhanced profitability and more efficient utilization of both shareholder funds and total assets.

❖ Key Ratios

No	Key Ratios	2023	2024	2025
1	Gross written premium (GWP) (US$)	3,261,378	6,206,818	8,987,228
2	Net Earned Premium (NEP) (US$)	2,201,302	4,665,810	7,739,436
3	Insurance claims and benefits (US$)	910,329	1,781,916	2,969,856
4	Underwriting expense and net acquisition cost (US$)	720,798	1,506,249	2,455,343
5	General and Admin Expenses	664,091	782,081	1,044,169
6	Net Profit/(Loss) (US$)	(149,120)	534,968	1,112,857
7	Total Asset	4,313,574	6,647,747	10,099,727
8	Total Equity	2,194,774	2,729,742	4,698,226
9	GWP Growth	148%	90%	45%
10	Claim Ratio (int')	41%	38%	38%
11	Current Ratio (Liquidity)	163%	136%	155%
12	Underwriting and Net Acquisition cost to NEP	33%	32%	32%
13	General and Admin expenses to GWP	20%	13%	12%
14	General and Admin expenses to NEP	30%	17%	13%
15	Total Expense to Total Asset	57%	66%	69%
16	Return on Assets (ROA)	-3%	8%	11%
17	Return on Equity (ROE)	-7%	20%	24%
18	Solvency Ratio	190%	99%	132%

Serendib demonstrated strong growth and significantly improved financial performance over the period from 2023 to 2025, supported by expansion in its underwriting activities and asset base. Gross Written Premium (GWP) increased sharply from USD 3.26 million in 2023 to USD 8.99 million in 2025, while Net Earned Premium (NEP) rose to USD 7.74 million, reflecting rapid growth in portfolio. At the same time, total assets expanded to USD 10.10 million and equity strengthened to USD 4.70 million, indicating enhanced capital capacity. The company successfully transitioned from a net loss of USD 149,120 in 2023 to a net profit of USD 1.11 million in 2025, resulting in strong improvements in profitability ratios, with Return on Assets (ROA) increasing to 11% and Return on Equity (ROE) reaching 24%. Operational efficiency also improved, as underwriting costs remained stable at around 32% of NEP, while General and Administrative expenses declined significantly from 30% to 13% of NEP, demonstrating better cost management and economies of scale. Despite business expansion, the claim ratio remained stable at approximately 38%, indicating effective risk management and underwriting discipline. Liquidity remained sound, with the current ratio at 155% in 2025, and the solvency ratio improved to 132% following a temporary decline in 2024, confirming adequate capital resilience. Overall, Serendib maintained profitable underwriting performance, as reflected in a strong combined ratio below 100%, and is well-positioned for sustainable future growth supported by improved efficiency, solid financial strength, and increasing returns.

❖ Insurance Market Trends



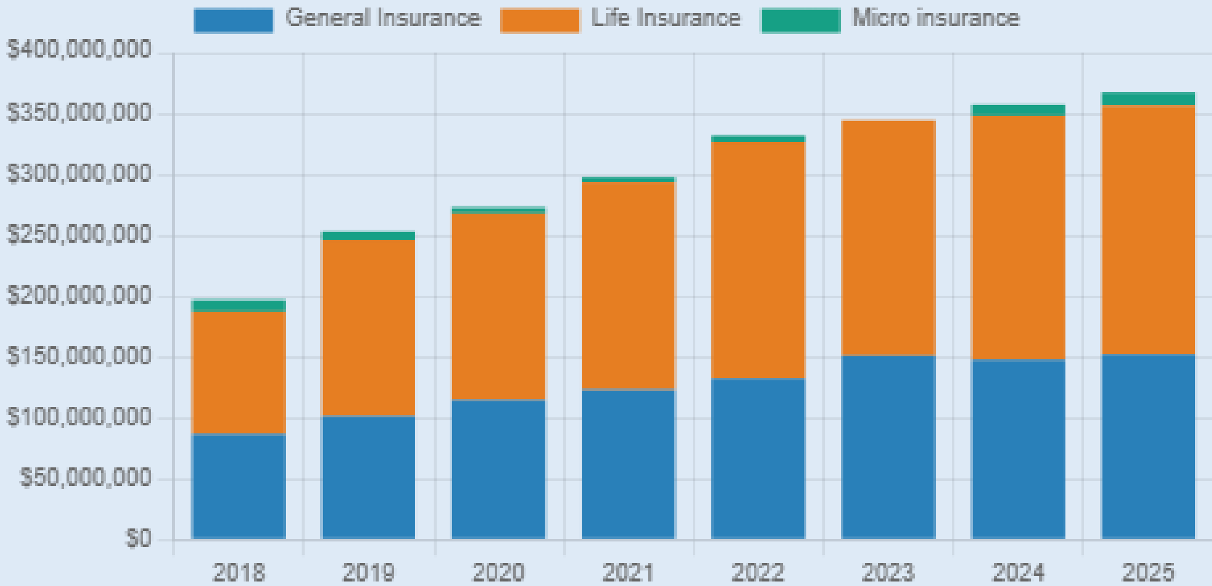
The insurance market in 2025 continued to demonstrate steady and sustained growth, with clear differences in performance across the main segments. Overall, total gross premium increased to approximately USD 360–370 million, representing an estimated growth of about 3.3% compared to 2024. Life insurance remained the dominant contributor and the primary driver of market expansion, growing by approximately 2.4% year-on-year to exceed USD 200 million in 2025. This continued increase reflects rising demand for long-term financial protection and savings products, supported by greater public awareness and the expansion of distribution channels.

General insurance also recorded stable growth, increasing to around USD 150 million in 2025, with an estimated annual growth rate of about 3.4%. Although its expansion was moderate compared to life insurance, it maintained a significant share of the market. This steady growth was driven by continued demand for essential products such as motor, property, and health insurance, which typically expand in line with economic activity and asset ownership.

Micro-insurance, while still contributing only a small portion of total premiums, showed the strongest relative growth at approximately 20% in 2025, albeit from a low base. This increase indicates ongoing efforts to expand insurance coverage to low-income and underserved populations, highlighting progress in financial inclusion initiatives. However, the development of micro-insurance continues to face several challenges. These include limited public awareness and understanding of insurance products among low-income groups, affordability constraints, and distribution difficulties in rural or remote areas. In addition, higher administrative costs relative to premium size and challenges in claims management can affect profitability and scalability.

In summary, the 2025 insurance market is characterized by moderate overall growth of around 3.3%, led by life insurance, supported by stable general insurance expansion, and complemented by the fast-growing but constrained micro-insurance segment, which—despite its strong growth potential—faces structural and operational challenges that may limit its rapid expansion in the short term.

Total Gross Premium



PART 2: BUSINESS REVIEW

1. About Serendib Microinsurance Plc.

Serendib Microinsurance Plc. ("SMI" or "Serendib") is a subsidiary of LOLC Holding Plc. that has operated in Cambodia since 2020. It is listed on the Sri Lankan Stock Exchange and maintains extensive experience and expansion in various areas in the financial sector: leasing, loans, savings, financial products focused on brokerage, securities, insurance and other financial products.

Serendib received a permanent microinsurance business licensed from the IRC in late 2021 to provide microinsurance services to the Cambodian population especially low- and middle-income people to mitigate financial burdens in cases of unexpected risks.

Vision Statement: Serendib's vision is to be the leading and most trusted micro insurance company in Cambodia.

Mission Statement: Serendib commits to providing excellent diversified micro insurance products and services to clients to help them prepare for unexpected risks .

Core Value:

- **Client Relationships:** Our first priority is always to ensure that the clients are fully satisfied with our services.
- **Quality:** We will continue to provide efficient, effective and best quality services to our clients
- **Integrity:** Fairness and honesty in all business dealings, trust is the cornerstone of our business and it will never be compromised.
- **Diversity and Neutrality:** We serve poor people on the basis of need not ethnicity, religion or political affiliation.
- **Vision of a Balanced Social and Profit Organizational Agenda:** The balance assures the future for our clients and for ourselves.
- **Discipline:** We believe in respecting the rules of the company,its stakeholder and the country.
- **Hard Work:** We believe that trust our future is guaranteed through the maximum effort we give to our responsibilities.
- **Education:** We believe that it will provide the foundation for staff and client lifelong success.

❖ **Serendib Head Office**

Serendib Microinsurance Plc. is officially registered at 3rd Floor, Building No. 48, Street 289, Phum 16, Sangkat Boeung Kak II, Khan Tuol Kork, Phnom Penh, Kingdom of Cambodia.

This location serves as the Company's principal place of business and head office, where all key management, administrative, and operational functions are coordinated. Strategically situated in Tuol Kork, one of Phnom Penh's prominent commercial districts, the office enables efficient engagement with regulators, business partners, and clients.

The Head Office oversees the implementation of corporate strategy, ensures compliance with applicable regulatory frameworks, and supports the delivery of high-quality insurance services across all distribution channels. Its central location also facilitates effective communication and coordination with partner financial institutions, particularly in advancing the Company's bancassurance operations and expanding its market presence nationwide.

- **Business Strategy**

Serendib will integrate its distribution channels to enhance product sales and promote its insurance offerings more widely and effectively. Accordingly, the company's sales management structure focuses on two key strategic approaches:

- Managing efficiency, maintaining relationships, and driving business operations through high-potential partner banks or microfinance institutions, which serve as core strategic partners (bancassurance channel).
- Managing potential and opportunities for business expansion through alternative distribution channels such as insurance agents, business partners, and targeted customer segments.

Serendib aims to fully leverage the potential of its distribution network while maintaining cost-efficient operations in collaboration with its partner banks and microfinance institutions. This approach is intended to strengthen its foundation in delivering insurance products and services. The company primarily provides insurance services to low- and middle-income populations, particularly in rural areas.

Therefore, the two aforementioned sales management strategies and distribution channels are designed to complement each other in order to achieve the overall business plan. In addition, these strategies and channels will be supported by marketing campaigns, promotional materials, communication platforms, and staff incentive mechanisms.

Customer satisfaction with insurance services and trust in the company are considered core values for sustainable business operations. As such, Serendib is committed to delivering professional, transparent, and trustworthy insurance services, ensuring timely responses to after-sales services, effective handling of complaints, and strict avoidance of mis-selling practices or misleading information regarding policy terms and conditions.

2. Serendib's Product

Serendib Microinsurance Product is designed specifically for low-income individuals or households who are typically underserved by traditional insurance markets. Our two main products, including TERM LIFE & CREDIT LIFE products are affordable, offer basic coverage, and have simplified processes to make them accessible and available nationwide to our customers. The goal of our microinsurance product is to help individuals and communities better manage risks resulted from death, or total permanent disability with all caused by providing a financial safety net. Currently Serendib microinsurance is thriving to promote and offer the Term Life product through our sale distribution channels and the products can be sold individually and group policy.

- Serendib Raksa (Term life): The product is designed to provide an affordable cost to rural clients (borrowers, depositors, or publics) to protect financial burdens in case of the insured's death or TPD. The sum-insured is fixed over the term as per chosen option. The product can be sold in a group or individual policy depending on customer request.
- Serendib Kapear (Credit life): The product is designed to provide a very affordable cost to loan borrower(s) protecting credit liability in case of insured death or Total Permanent Disability "TPD". The sum-insured is decreasing over the credit term as per repayment schedule. Moreover, to protect the loan over the tenor, borrower needs to renew insurance contract annually until maturity or paid off. The product can be sold in a group or individual policy upon customer request.

In addition, Serendib Microinsurance Plc. will continue to strive to develop more competitive insurance products to meet the specific needs of its clients, as well as to provide education or financial literacy (Awareness Campaign) of insurance services to protect the financial burdens of customers. The product plan is to be digital product/channel, micro endowment, and health options as riders to base product.

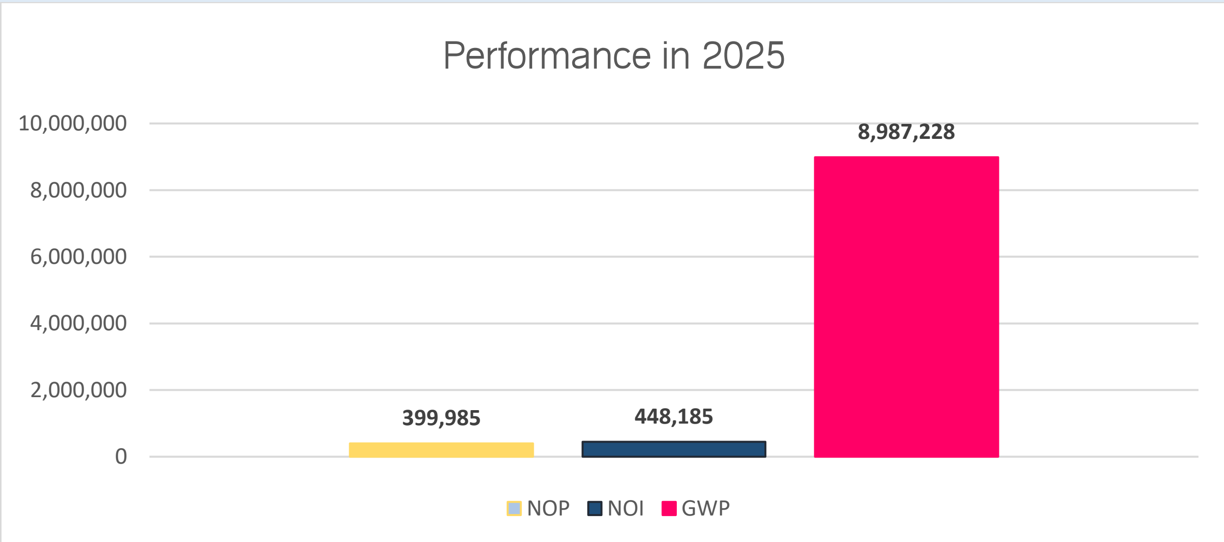
The strategic insurance product plan will be the simple features and will be customized to the prioritized needs of rural people in mitigating the risk of financial burdens. The simplicity which will be useful and attractive to customers is an important and sharp strategy to capture the market. Serendib will continue to develop high quality Micro life products that meet the needs of targeted customers and are recognized as value-additions. At the meantime, Serendib is seeking for approval to sell current Term Life product digitally and developing other 2 products to be able to sell traditionally and digitally.

As of December 31, 2025, a total of 399,985 insurance policies had been issued, generating a Gross Written Premium (GWP) of USD 8,987,228.

- The “Serendib Kapear” product accounted for 5,119 policies, equivalent to a GWP of USD 43,280.
- The “Serendib Raksa” product accounted for 394,866 policies, equivalent to a GWP of USD 8,943,948.

The table below summarizes the company’s business operations in 2025:

Category By Currency	Number of Policies in 2025	Gross Written Premium (USD)
Khmer Riel (KHR)	229,240	3,810,332
Thai Baht (THB)	286	6,018
US Dollar (USD)	170,459	5,170,878
Total	**399,985**	**8,987,228**



❖ Microinsurance Market

Microinsurance product in Cambodia is a type of insurance designed to be affordable for low-income individuals, providing them with financial protection against specific risks such as illness, death, agricultural or property loss. These products are designed to be affordable and accessible, often with simplified terms and conditions to cater to the target demographic.

Microinsurance market in Cambodia is showing promising growth, driven by increasing awareness of insurance products and the government's push for financial inclusion. Microinsurance, which provides affordable and accessible coverage to low-income populations, is gaining momentum as the Cambodian government, regulators, and insurers focus on expanding access to insurance for underserved communities.

In 2025, Microinsurance market maintained a strong growth, recording a 26.7% Y-O-Y, improvement from 22.6% recorded in 2024. This growth was driven by the Micro Life product, which saw a strong increase of 39.4%, expanding its market share to 93% from 84.4% in 2024. In overall, total number of policies rose significantly by 34.5%, Y-O-Y, increasing from 504,948 policies to 678,973 policies in 2025, driven by the significant increase of PA policies 70.3% and Life policies 39.8%. however, the number of insured persons declined due to sharp decline in individual H& M 89.1% and Term 13.7%, led to the total number of insured persons fell by 6.8% from 825,026 in 2024 to 769,234.

Gross claim incurred rose 64.1%, driven by a 74.1% increase in incurred claim of Micro Life. Meanwhile, the number of claims incurred declined by 11.8% year-on-year, the total amount of claims incurred surged by 64.1%. This sharp increase is due to higher claim amounts per policy, averaging 1.2K per policy compared to 0.7K last year.

❖ **Opportunities & Challenges**

a) **Opportunities**: Despite these challenges, there are significant opportunities for growth. The increasing penetration of mobile technology and digital platforms can help expand the reach of microinsurance products. Partnerships with microfinance institutions and non-governmental organizations can also enhance distribution and awareness.

➢ **Regulatory Environment**

The Insurance Regulator of Cambodia (IRC) oversees the industry, ensuring that companies comply with regulations and maintain financial stability. The IRC has been proactive in promoting the development of the insurance sector, including microinsurance, by implementing policies that encourage innovation and protect consumers.

➢ **The Future Outlook**

The future of microinsurance in Cambodia looks promising, with continued growth expected as awareness increases and more innovative products are introduced. The sector is poised to play a crucial role in enhancing financial inclusion and providing a safety net for low-income households.

b) **Challenges:** The microinsurance sector faces several challenges, including low awareness and understanding of insurance products among the target population, limited distribution channels, and regulatory hurdles. Additionally, the sector needs to build trust among potential customers who may be skeptical of insurance benefits.

In summary, the microinsurance industry in Cambodia is still developing, it holds significant potential to improve the financial resilience of low-income populations. With the right strategies and support, it can become a vital component of the country’s social safety net.

3. Partner and Distribution

The following are the distribution channels which Serendib management are focusing strategically and operationally. The management will focus on bancassurance with captive and non-captive business (individual-agent-based channels, and partnership etc.). Each distribution channel is offered the discount/ commission rate as per the framework approved by executive management in line with the approval from Serendib Board of Directors.

a. Bancassurance Partnership Channel (LOLC CAMBODIA PLC)

Bancassurance (either corporate agent or referral agent) is the integrated distribution channel between Banks/MFIs and insurance companies. This is more effective and is a cost-efficient distribution channel to enable and promote access to insurance for the public, especially rural areas, through both traditional sales & digital sales. Serendib has started its bancassurance channel (corporate agent) with captive business and will replicate bancassurance model for non-captive with other target channel Banks/MFIs, rural credit operators, or non-banking finance institution either exclusive or non-exclusive. Within the bancassurance model, staff of the bancassurance will be certified to be insurance agents to represent sales. Therefore, the sale of insurance policy in bancassurance is the result of cross-product selling efficiency.

Those two types of Bancassurance Model are Referral model & Corporate agency model.

i. Corporate Agency Model refers to the institution using its own sales force to market and sell insurance products. Banks/MFIs:
   - Bank/MFIs staff introduces customers to the concept of insurance and products and to complete the selling process to successfully deal process.
   - Insurance Company: the product providers, giving post sales services, claims.
   - Customers: Seamless customer experience because the relationship manager manages the whole financial portfolio.

ii. Referral Model refers to the institution who will be referring their customers to its insurers partners without being involved in selling the products on its own.
   - Banks/MFIs: Bank/MFIs staff introduce customers to concept of insurance and how does the insurance products work for customers.
   - Insurance Company: the seller, product providers, giving post sales services, claim and other sale administration to customers.
   - Customers: who have been approached by the seller.

Captive Business	# of Policy	Premium
Serendib Kapear	5,119	43,280
Serendib Raksa	390,667	8,638,316
Total	**395,786**	**8,681,596**

b. Direct Sales Channel (Non-Captive)

Partner members

Serendib will sell group policies of all mentioned products for a strategic premium framework as approved by Insurance Regulator of Cambodia to the target partner companies through our SMI staff. The development of this channel allows Serendib to directly sell insurance products to a bulk of insured list via group policies to the company. Direct sales channel is mainly focusing to banking, MFIs, and other leasing companies.

Non-captive Business	# of Policy	Premium
Serendib Kapear	0	0
Serendib Raksa	4,199	305,632
Total	**4,199**	**305,632**

4. Customer

Microinsurance primarily targets low-income and vulnerable populations who lack access to traditional insurance, offering affordable premiums tailored to their needs.

i. Low-Income Households: Families living below the poverty line, often in developing countries, who need affordable coverage for health, life, or property.

ii. Informal sector workers

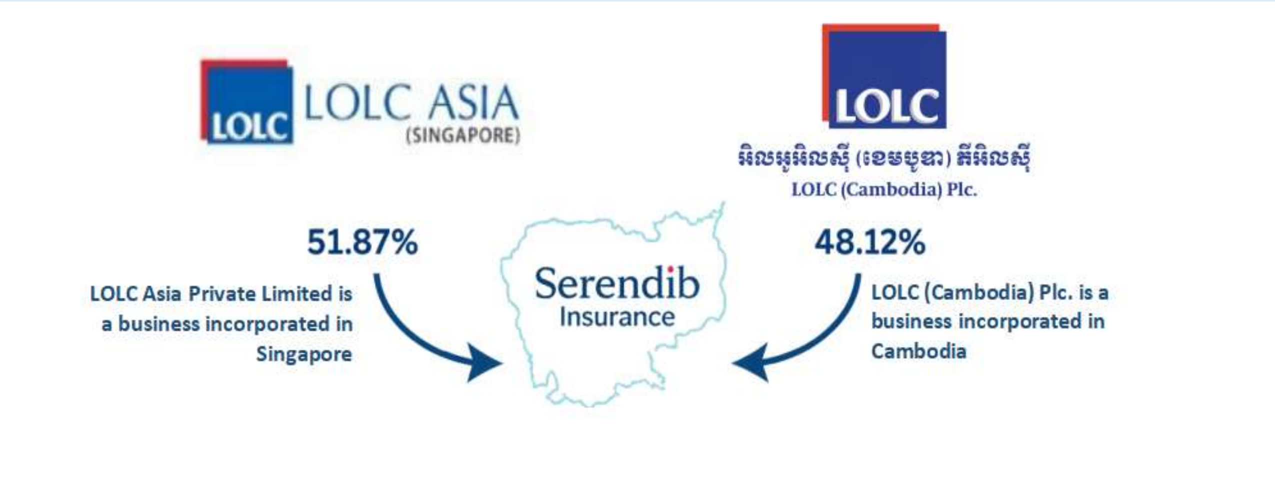
- Daily wage earners, street vendors, small-scale farmers, and gig workers.
- These groups face high risks (illness, accidents, crop failure) but lack formal employment benefits.

iii. Smallholder Farmers: Farmers requiring coverage for crop failure or livestock loss due to natural disasters or disease.
iv. Informal Sector Workers: Individuals in unregulated employment, such as street vendors or casual laborers, who lack job security and need insurance against income loss.
v. Women and Marginalized Groups: Often underserved in traditional markets, these groups may benefit from tailored products that address their specific risks.
vi. Urban Slum Dwellers: Residents in low-income urban areas who face risks related to housing, health, and personal security.
vii. Small Business Owners: Entrepreneurs needing affordable coverage for property, liability, or business interruption.

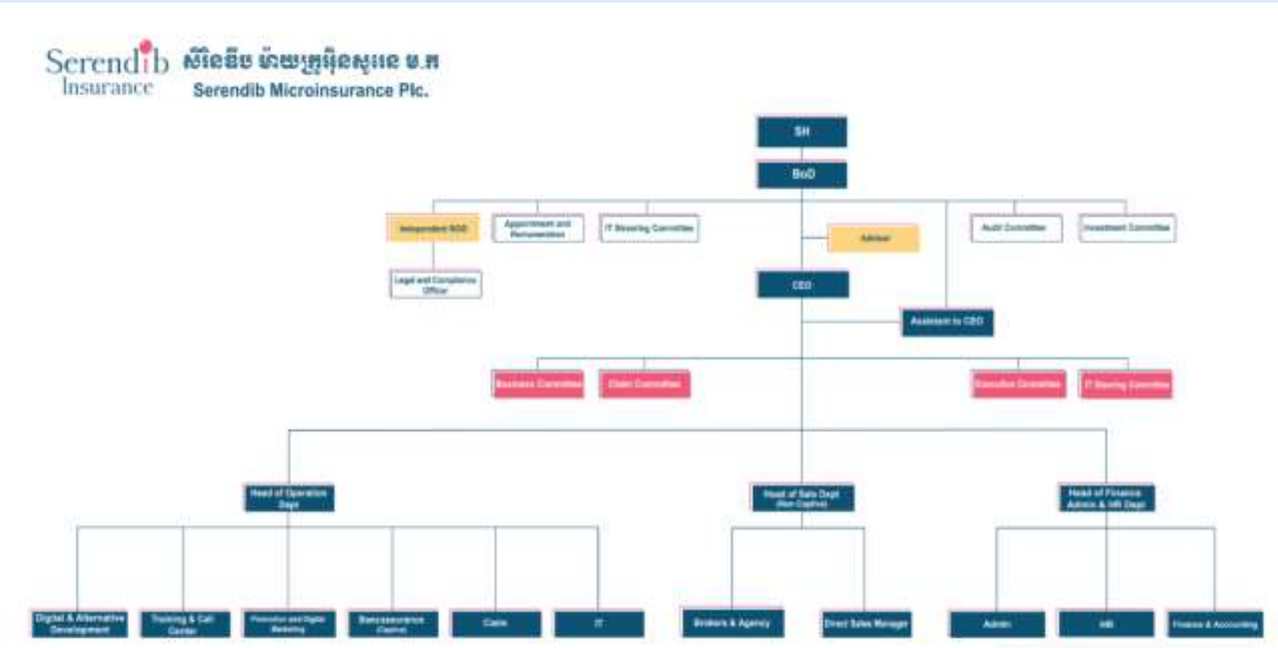
PART 3: CORPORATE GOVERNANCE

1. Serendib Structure

❖ Owner structure



❖ Organization Chart



A. Board of Director

The Board currently has seven members, of whom two are Independent Directors. The Board of Directors (BOD) of SMI is a dynamic and competent group with a wealth of management, financial, and growth expertise and experience. The Board confirms it has the appropriate number of Independent Directors each of whom bring strong, independent judgment to the Board's discussions on issues of strategy, audit, performance and risk. The structure and composition of the Board are in line with the requirements of the Prakas issued by IRC. The Board of Directors is comprised of the following:

Name	Position
Mr. Brindley Chrishantha Gajanayake de Zylva (Brindley de Zylva)	Chairman
Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias (Conrad Dias)	Director
Mr. Indrajith Wijesiriwardana	Independent Director
Mr. Don Soshan Kamantha Amarasekera	Independent Director
Mrs. Sunjeevani Kotakadeniya	Independent Director
Mr. Sanakan Thamotharampillai	Independent Director
Mrs. Nadika Apatha Executive Director (resigned on 17 July 2025)	Non-Executive Director

Primary Responsibilities of the Board

The Board takes full responsibility for leading, controlling, guiding, and monitoring the institution's overall performance, and also enforcing accountability standards, all with the objective of enabling management to execute its obligations effectively.

The Board is ultimately responsible for establishing a framework of good corporate governance for institutions, including financial reporting, risk management, and compliance processes.

When it comes to strategy, performance, resources, and business conduct, all board members contribute and bring their independent judgment, broad expertise, and experience to the table. Their duties are to:

- Appoint, remove, suspend or take action on the management of the Company subject to any prior approval from supervisory authority where required, to direct and control them, and to fix their remuneration;
- Decide the Company's development strategy and annual business plan as proposed by the management and to organize the monitoring and evaluation of the business activities of the Company;
- Decide on the Company's market development, marketing and technology strategy;
- Enter into negotiations and agreements, and to give effect to any modification, variation or rescission of any negotiations or agreements entered into;
- Give a guarantee on behalf of the Company;
- Approve the financial report of each financial year and propose the distribution of dividends to the Shareholders for approval;
- Open, maintain, operate and close the Company's account(s) with any bank;
- Approve the establishment of representative offices, subsidiaries, branches, agencies and other affiliated companies, making such decisions for their management and discontinuing these as they see fit;
- Appoint agents and attorneys for the Company in Cambodia or in any foreign country with such powers (including the power to delegate) as they may see fit;
- Propose to the Shareholders on:

- Amendments to the MAA;
- Mergers, acquisitions or consolidations between the Company and any other entities;
- Sale of all or major parts of the Company's assets;
- Dissolution or liquidation of the Company;

❖ **Board of Directors Profile**

MR. BRINDLEY DE ZYLVA
Chairman

Brindley serves as the Chairman of Serendib Microinsurance Plc. and Chairman of the Board for LOLC (Cambodia) Plc. He is also the Managing Director of LOLC Myanmar Micro-Finance Company Ltd. With a career spanning over 40 years, Brindley has extensive experience in the Non-Bank Financial Services Industry (NBFI), including roles in licensed finance companies, microfinance institutions, specialized leasing companies, and microinsurance. His expertise in the NBFI sector covers areas such as credit and recovery management, finance, marketing, and sales. Brindley is a Fellow of the Sri Lanka Institute of Credit Management and was elected as its Honorary Secretary in 2010. He has also been involved in the Council of Management of the Finance Houses Association of Sri Lanka, serving nine years as a member, four of which as Vice Chairman, and as a Director of the Financial Ombudsman Sri Lanka (Guarantee) Limited. In 2015, Brindley transitioned to oversee regional assignments for the LOLC Group in Myanmar and Cambodia.

MR. CONRAD DIAS
Director

Mr. Dias was the former Group CIO and Director of LOLC Holdings Plc., Director/CEO of LOLC Finance Plc., and the Co-founder of iPay. Mr. Dias graduated with his Master's Degree from the University of Leicester, majoring in Business Administration. He is a Fellow of the Chartered Institute of Management Accountants, a Chartered Global Management Accountant, a Fellow of the British Computer Society, and a Fellow Member of the Certified Management Accountants of Sri Lanka.

Mr. Dias has contributed to the LOLC Group and the local IT industry with his 30 years of experience and possesses domain expertise in sectors such as trading, banking and finance, asset management, and manufacturing. In recognition of his contributions, he was awarded the CSSL CIO of the Year Award in 2016 and later received the Professional Excellence Award in 2017 at an event organized by the Institute of Certified Management Accountants of Sri

Lanka. In 2020, a year of accolades for Mr. Dias, he was inducted into the Global CIO Hall of Fame and was a winner of the Global CIO 100 for the year 2020 from IDG USA.

MR. INDRAJITH WIJESIRIWARDANA
Independent Director

Mr. Wijesiriwardana is an Independent Director of Serendib Microinsurance Plc. With more than 20 years of international experience in nearly 30 different countries, Mr. Wijesiriwardana is also a proficient consultant in international development finance. His experience covers key areas of expertise, including capacity building in the financial sector and Microfinance and SME Finance (MSME).

Mr. Wijesiriwardana is highly skilled in strategy and business design, developing inclusive financial systems, building capacity in financial institutions focusing on MSME, institutional transformations,and product design and process improvements. During his career in the banking sector, he developed and evaluated project proposals and monitored projects before becoming a consultant. During this time, he was responsible for loan financing for small, medium, and large enterprises; trade financing; equity financing; restructuring; loan syndication; and leasing. He also managed and developed financial support services, including budgeting and monitoring, planning, accounting, and MIS.

MR. KAMANTHA AMARASEKERA
Independent Director

Mr. Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayewardenepura and began his career in the year 1998.

Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country. Other key appointments include: Director - Kelani Tyres PLC, Lanka Milk Foods (CWE) PLC, Madulsima Plantations PLC, Balangoda Plantations PLC, Eden Hotel Lanka PLC, Ceylon Hotels Corporation PLC, Palm Garden Hotels PLC, AgStar PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC and several other subsidiaries of Browns Investments Group.

MRS. SUNJEEVANI KOTAKADENIYA
Independent Director

Mrs. Sunjeevani is a senior finance professional with extensive management experience in Finance and Financial management practices. She is a member of Chartered Institute of Management Accountants (UK) and the Chartered Global Management Accountants (USA), and holds a Master's in Business Administration from the University of Colombo. She has over twenty years of senior management experience across insurance, finance companies, factoring, fund management, unit trusts and stock broking. Her non-financial services sector experience includes work in l eisure, trading, manufacturing, construction, agriculture and plantations, and IT services. Mrs. Sunjeevani is a catalyst in restructuring and change management, mergers and acquisitions and project management. She is CFO of Browns Investments PLC Group, overseeing finance for the group locally and internationally, and she sits on the board of several listed companies including Agstar PLC, Seylan Bank PLC and Sierra Cables PLC.

MR. SANAKAN THAMOTHARAMPILLAI
Independent Director

Thamotharampillai Sanakan joined Browns Group in 2013 as the Chief Financial Officer and was tasked with an additional role of leading the operations in 2020 as the Chief Operating Officer. He counts for over 25 years of experience where he held many senior management positions in multiple industries such as Financial Services, Trading, Export, Manufacturing, Healthcare, Commodities and Consumer. Presently he serves as the Director/Chief Executive Officer of the Browns Group of Companies. Driving the Group towards new revenue streams with multifaceted local and regional expansions while maintaining sustainable growth in a challenging environment has been a key factor for Sanakan. He previously held the position of Chief Operating Officer at LOLC Securities Ltd in the LOLC Group.

He excels in the areas of digital transformation, change management, new business start-ups, business process re-engineering, project management and strategic business management. He served in the Board of Commercial Leasing & Finance PLC, the Boards of LOLC Development Finance PLC and Audit Committee Chairman for LOLC Development Finance PLC and currently serving Associated Battery Manufacturers (Ceylon) Ltd., BI Holdings Ltd and several other group companies. He is an Associate Member of Chartered Institute of Management Accountants of UK and Chartered Global Management Accountants of USA.

Withdrawal process:

(1) - MOC - Ministry of Commerce

(2) - GDT - General Department of Taxation

(3) - IRC - Insurance Regulator of Cambodia

B. Management

Mr. Sen Kiry
Chief Executive Officer

Mr. Sen Kiry is a dynamic and visionary executive with over two decades of progressive leadership experience in banking, insurance, and business development in Cambodia. Currently serving as CEO of Serendib Microinsurance, he brings a deep understanding of the financial services landscape, having led high-performing teams at top-tier firms in Cambodia.

His career spans roles from front-line sales and operations to C-suite strategy and transformation, with a proven track record in scaling bancassurance partnerships, driving market expansion, and delivering sustainable revenue growth. As former CEO of one of the microinsurance companies, he guided the company through significant operational and strategic milestones, reinforcing its market position and embedding a culture of innovation and compliance.

Mr. Kiry holds an MBA in General Management from Keller Graduate School of Management in California and a Bachelor of Science in Computer Science from the Royal University of Phnom Penh. He has completed specialized leadership programs in London, Hong Kong, Saigon, and Hanoi, further honing his strategic and cross-cultural management capabilities.

Known for his integrity, resilience, and people-first leadership style, Mr. Kiry is passionate about empowering teams, fostering strategic partnerships, and making financial services more accessible to underserved communities across the region.

Roles and Responsibilities:

- Define and execute the company’s strategic direction and business plan in collaboration with the Board
- Drive sales performance across captive and non-captive business channels
- Oversee development and implementation of annual business plans and budgets
- Provide accurate and timely reports to the Board on company performance
- Lead development of micro-insurance products, including pricing and benefits design
- Supervise underwriting activities to ensure compliance with company policies and regulatory requirements
- Monitor premium collection, remittance, and maintain accurate transaction records
- Ensure proper setup of MIS, accounting systems, and internal controls
- Maintain effective organizational structure, staffing, and operational systems
- Oversee risk management, financial performance, and overall business operations
- Ensure compliance with legal and regulatory requirements
- Provide leadership, develop talent, and strengthen partnerships
- Represent the company externally and perform duties assigned by the Board.

Mrs. Rith Kanha
Head of Finance, Admin and HR department

Mrs. Rith Kanha earned a dual bachelor's degree in Business Administration (finance and banking) and Business (English language) in 2013 and holds credentials in Cambodian Tax and Cambodian Business Law from Cam Ed Business School. She began work at KPMG (Cambodia) Co., Ltd. in 2013 and was soon promoted to Audit Assistant and then Senior Auditor. In 2017, she began work as the Financial Controller at Hatien Vegas Entertainment Resort (Kampot Province), Internal Audit Manager of Teng Lay Import Export & Transport Co., Ltd, and Finance Manager for Teng Lay Dry Port. From 2019 to 2020, she worked as Head of Finance for Mekong Micro Insurance and Head of Finance for Sahakrinpheap Microfinance Plc. She also provides accounting and taxation consulting and has worked as Head of Finance, Admin and HR for Serendib Microinsurance Plc. in Cambodia since 2021.

Roles and Responsibilities:

- Lead overall finance operations to ensure accurate accounting records and compliance with insurance and accounting standards
- Develop and maintain financial policies, procedures, and reports in line with CIFRS and regulatory requirements
- Manage cash flow, financial performance, budgeting, and cost analysis
- Analyze profit and loss, key financial ratios, and provide recommendations to management.
- Ensure timely and accurate financial reporting and compliance with tax and regulatory requirements
- Review reserves, risks, and investments to support sound financial decision-making
- Strengthen internal controls, safeguard company assets, and improve financial systems and processes
- Monitor collections, outstanding balances, and operational financial activities
- Oversee administration and procurement functions to support company operations
- Manage human resources, including recruitment, payroll, staff records, and labor compliance
- Coordinate staff training and capacity development programs
- Prepare financial, operational, and risk reports for management analysis
- Perform other duties as assigned by the supervisor

Mr. Hout Sopheaktra (Resigned on April 2026)
Head of Operation Department

As the head of the Operations Department, Mr. Hout Sopheaktra demonstrates strategic leadership by developing and implementing action plans that align with organizational goals. His focus on operational excellence and customer satisfaction reflects a strong commitment to enhancing the overall business performance. Holding an International Diploma in Business Management from the UK, with extensive experience in operational excellence, customer experience, marketing, training, IT, and strategic leadership, he is committed to enhancing quality, productivity, and customer satisfaction by means of innovative solutions and ongoing improvement.

Mr. Sopheaktra fosters a culture of innovation and collaboration, actively engaging employees and promoting continuous learning, which greatly enhances the effectiveness of our organization. With strong emphasis on compliance and risk management, Mr. Sopheaktra ensures that our operational practices meet regulatory requirements while enhancing service quality and customer retention.

Roles and Responsibilities:

- Develop and execute operational strategies aligned with company goals while collaborating with executives to drive innovation and growth.
- Oversee end-to-end microinsurance operations, ensuring efficient, cost-effective processes across the full insurance lifecycle.
- Lead and mentor teams, establish performance metrics, and promote accountability and continuous improvement.
- Enhance operational efficiency through best practices and data-driven decision-making.
- Customer Focus: Improve customer satisfaction and retention, while gathering feedback to support product development.
- Financial Management: Manage budgets, track KPIs, and ensure operational performance meets financial targets.
- Produce regular management reports (daily, weekly, monthly) covering renewals, training, claims, customer service, and system performance, with insights to support operational excellence.

Mrs. Leang Sovanndy (Resigned on February 2026)

Head of Sale Department

Mrs. Leang Sovandy is well experienced and acknowledged in the financial sector in sales. Holding her MBA graduation, she has carried out and contributed to financial environment such as bank and insurance for over 17 years. She has 4 years catching up with bank and moved toward into insurance. Spending With 8 years experience in Life Insurance, she has grown a lot and has been promoted to senior management role. Due to strong ambition to learn and know about life insurance, she has joined some courses such as OLIS 2016 Spring (Oriental Life Insurance Cultural Development) in Tokyo, Life Insurance Consultant program, the power of branding strategy. At the end of 2020, she has been promoted again with a position of Head of Commercial in charge of Direct Sales of Business, Bancassurance business, Business Partnership and Training to align with company performance. After all, now she is the Head of Business at Serendib Microinsurance Plc. She brings a deep understanding of financial services to Serendib Microinsurance Plc.

Roles and Responsibilities:

- Develop and review micro-insurance business plans
- Drive sales growth, market penetration, and overall business performance
- Monitor performance against targets and support sales team achievements
- Establish efficient operational processes and ensure high service quality
- Design and manage multi-channel distribution strategies
- Build and maintain strong relationships with clients and partners
- Lead business strategies, including product development and customer segmentation
- Oversee client care and partner engagement
- Implement performance measurement and reporting systems
- Conduct market, competitor, and customer analysis to guide strategy
- Develop marketing, branding, and promotional initiatives
- Enhance customer retention and market awareness
- Monitor industry trends to strengthen competitiveness and brand equity
- Lead development of new insurance products
- Provide training and awareness programs
- Perform additional duties as assigned by the CEO

2. Committee Report

The BoD has appointed the following four committees:

- Audit Committee
- Investment Committee
- Appointment and Remuneration Committee
- IT Steering Committee

The four committees follow their regulatory guidelines or the approved Terms of Reference (TOR) and use pre-approved agendas to cover all key items, while encouraging committee members to discuss any additional concerns.

The BoD has granted the committees the authority to request further information and to ask key management or other personnel to give detailed information, or to discuss recommended courses of action. Thus, it gives the BoD confidence that issues pertaining to operations, risks, governance, or regulations will be thoroughly discussed and the best solutions will be identified. The committee meeting minutes are recorded during the board meetings. Therefore, all directors are kept aware of the discussions of each committee and can contribute when and where necessary.

Annual Evaluation of Each Committee

Evaluation Procedure	Criteria
Each committee member evaluates the work of his or her own board committee by assigning a score (1-5) to each criterion and signing the evaluation form. The Company Secretary will compile the findings for discussion at each board committee meeting after the review.	• Authority of board committee • Resources and organizing • Duty quality

A. Audit Committee

The Audit Committee is composed of at least three members, with the majority being independent directors who are free from any executive role or relationships that could impair their judgment. The members elect a Chairperson from among themselves, who must be an independent non-executive director, and they must not be involved in the Company's management functions. Only Committee members are entitled to attend meetings unless others are invited at the Committee's discretion, and the Board reviews the membership of the Committee at least once every two years. Mr. Indrajith Wijesiriwardana extensive knowledge in finance has been an asset to the audit committee and is in accordance with our good corporate governance practices.

Primary Responsibilities:

- The Audit Committee meets at least once every three months and may convene at any time upon request of any member
- Members must receive at least 7 days' notice of meetings, including date, time, and place
- Members may participate via electronic means and will be considered present and entitled to vote
- Oversee and assess the quality and effectiveness of internal and external audits
- Maintain open communication between the Board, Management, and auditors
- Evaluate the adequacy of internal controls, operational processes, and financial reporting
- Recommend the appointment, reappointment, removal, and remuneration of the external auditor.
- Review and monitor the independence, objectivity, and performance of the external auditor.
- Discuss audit findings, issues, and concerns arising from interim and final audits.

- Review management letters, audit queries, and Management's responses.
- Ensure Management establishes and maintains an effective internal control system.
- Approve the appointment, resignation, dismissal, and remuneration of the Head of Internal Audit.
- Approve the internal audit budget and annual audit plan.
- Ensure transparency, integrity, and compliance in financial and ESG reporting, and uphold legal and ethical standards.

Meeting Times:

The audit committee meeting was held four times in 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Indrajith Wijesiriwardana Committee Chair/Independent Director	25th October 2019	4	4
Mr. Don Soshan Kamantha Amarasekera Member / Independent Director	25th October 2019	4	4
Mrs. Sarajika Sunjeevani Kotakadeniya Member / Independent Director	22ndDecember 2021	4	4

Evaluation 2025:

AUDIT COMMITTEE (To be completed by AC members only)	**Scale**
AUTHORITY	
a. Authority to seek information from management or call for questioning	5
b. Authority to request external advice from professional/experts	5
c. Authority to disclose unresolved issues/ discussion of committee into board of director's annual report	5
RESOURCES & ORGANIZING	
a. Members receive sufficient background information and reports in appropriate time prior to meetings.	5
b. Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.	5
c. Meeting time is appropriately allocated between Committee discussion and presentations.	5
d. Frequency of committee meetings, quality of composition, and size is sufficient for it to accomplish its tasks.	5
e. Sufficiency of expertise, support, time, and access to key staff and information to enable it to discharge its monitoring and oversight role effectively.	5
DUTY QUALITY	
a. The Audit Committee is addressing effectively the matters delegated to it in ToR.	5
b. Assurance of material information presented in financial statements, financial risks-related information, and required information to publicly disclose are reviewed in due and accurate.	5

c. There is a proper discussion (not just nodding through) conducted during meeting, ensuring all members are aware of the issues discussed and the resolution.	5
d. Discussion on internal control and risk management system of the company.	5
e. Discussion on compliance matters, whistleblowing, fraud, transactions with related parties and affiliates are enough and transparent.	5
f. The internal audit function is independent from management, appropriately skilled, competent and complied with audit professional.	5
g. Committee has full competency and authority to review and monitor external auditor's independency, objectivity and the effectiveness.	5

B. Investment Committee

The Investment Committee (IVC) is established by the Board of Directors to assist in fulfilling its responsibilities in ensuring the efficiency, effectiveness, and sustainability of the insurance company's investment management, with the objective of protecting the interests of policyholders, lenders, and other stakeholders. The Committee consists of five members who collectively oversee its functions, and they elect a Chairperson from among themselves to lead the Committee. Participation in Committee meetings is restricted to members only, unless non-members are specifically invited by the Committee to attend for relevant purposes. Mr. Sanakan Thamotharampillai is considered suitable for the role of Chairman of the Committee due to his capability to effectively lead and guide the Committee in fulfilling its responsibilities.

Primary Responsibilities:

- The Committee may meet at any time at the request of the Chair or any member
- Must meet at least once every three months
- Members are given at least 7 days' notice of meeting details
- Participation via electronic means is allowed and such members are considered present and entitled to vote
- Develop and maintain investment policies and guidelines ensuring security, liquidity, and diversification
- Prepare a 3-year investment plan
- Manage and monitor investment activities on a regular basis
- Evaluate investment performance and results
- Ensure effective asset management to meet the Company's obligations
- Report investment performance to the Board on a quarterly and annual basis
- Review and update investment policies to ensure compliance with applicable laws
- Monitor key investment risks, including market, credit, liquidity, concentration, currency, operational, and legal risks
- Carry out additional tasks as directed by the Board of Directors
- Promote responsible investment practices by aligning activities with ESG commitments and ensuring positive impact through sustainable business practices.

Meeting Times:

The investment committee meeting was held four times in 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Sanakan Thamotharampillai Committee Chair/Independent Director	11th January 2024	4	4
Mr. F. Kankanamalage Conrad Prasad Niroshan Dias Member / Director	25th October 2019	4	4
Mr. Sen Kiry Member / Chief Executive Officer	24th March 2025	4	4
Mrs. Rith Kanha Member / Head of Finance, Admin and HR	16th August 2021	4	4
Mr. Kim Chora Member / Investor Officer	5th June 2024	4	4

Evaluation 2025:

INVESTMENT COMMITTEE (To be completed by IVC members only)	Scale
AUTHORITY	
a. Authority to seek information from management or call for questioning	5
b. Authority to request external advice from professional/experts	5
c. Authority to disclose unresolved issues/ discussion of committee into board of director's annual report	5
RESOURCES & ORGANIZING	
a. Members receive sufficient background information and reports in appropriate time prior to meetings.	5
b. Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.	5
c. Meeting time is appropriately allocated between Committee discussion and presentations.	5
d. Frequency of committee meetings, quality of composition, and size is sufficient for it to accomplish its tasks.	5
e. Sufficiency of expertise, support, time, and access to key staff and information to enable it to discharge its monitoring and oversight role effectively.	5
DUTY QUALITY	
a. The investment Committee is addressing effectively the matters delegated to it in ToR.	5
b. Assurance of material information presented in financial statements, financial risks-related information, and required information to publicly disclose are reviewed in due and accurate.	5
c. There is a proper discussion (not just nodding through) conducted during meeting, ensuring all members are aware of the issues discussed and the resolution.	5
d. Discussion on internal control and risk management system of the company.	5
e. Discussion on compliance matters, whistleblowing, fraud, transactions with related parties and affiliates are enough and transparent.	5

C. IT Steering Committee

The IT Steering Committee is established by the Board of Directors to assist in overseeing and monitoring major IT projects, budgets, priorities, and overall IT performance of the Company. The Committee consists of at least three members who collectively carry out its responsibilities, and they appoint a Chairperson from among themselves who possesses strong knowledge and expertise in information technology. Attendance at meetings is limited to members unless non-members are invited at the Committee's discretion. Mr. Conrad Dias is considered suitable for the role of Chairman of the Committee due to his strong expertise in information technology, strategic insight, and ability to effectively guide IT governance, ensuring that the Company's technology initiatives align with business objectives and industry best practices.

Primary Responsibilities:

- The Committee may meet at any time upon request of the Chair or any member and must meet at least once every three months
- Members must receive at least 7 days' notice of meeting details (date, time, and place)
- Members may participate via electronic means and will be considered present and entitled to vote
- Approve the annual IT strategic plan aligned with business objectives, including information security strategy
- Promote effective IT governance across the organization
- Oversee major IT projects, budgets, priorities, and overall IT performance
- Ensure adequate allocation of IT resources, including funding and personnel
- Approve policies for reporting and escalating significant IT security incidents to the Board
- Hold Management accountable for identifying, assessing, and mitigating IT risks
- Ensure independent and comprehensive audit coverage of IT controls
- Guide digital strategy with a focus on data privacy, cybersecurity, and sustainable technology aligned with ESG and regulatory requirements.

Meeting Times:

The IT Steering committee meeting was held four times in 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Conrad Dias Committee Chair/Non-Executive Director	25th October 2019	4	4
Mrs. Sarajika Sunjeevani Kotakadeniya Member / Independent Director	22nd December 2021	4	4
Mr. Don Soshan Kamantha Amarasekera Member / Independent Director	25th October 2019	4	4

Evaluation 2025:

IT STEERING COMMITTEE (To be completed by ITSC members only)	**Scale**
AUTHORITY	
a. Authority to seek information from management or call for questioning	5
b. Authority to obtain outside legal or other professional advice	5
RESOURCES & ORGANIZING	
a. Members receive sufficient background information and reports in appropriate time prior to meetings.	5
b. Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.	5
c. Meeting time is appropriately allocated between Committee discussion and presentations.	5
d. Frequency of committee meetings, quality of composition, and size is sufficient for it to accomplish its tasks.	5
e. Sufficiency of expertise, support, time, and access to key staff and information to enable it to discharge its monitoring and oversight role effectively.	5
DUTY QUALITY	
a. The IT Steering Committee is addressing effectively the matters delegated to it in ToR.	5
b. There is a proper discussion (not just nodding through) conducted during meeting, ensuring all members are aware of the issues discussed and the resolution.	5
c. IT strategic and investment plan is discussed and reviewed to be aligned with the business plan of the institution.	5
d. New technology initiatives were recommended and discussed as the benefit of the company's business operations.	5
e. Progress of IT projects is reviewed, and the quality is monitored.	5
f. Challenges or issues related to IT projects raised by management are discussed and resolved.	5

D. Appointment and Remuneration Committee

The Remuneration Committee is established by the Board of Directors to assist in fulfilling its responsibilities related to determining, implementing, and overseeing senior remuneration arrangements, with the aim of attracting, motivating, and retaining qualified directors and key management personnel. The Committee consists of at least three members who are responsible for carrying out its functions, and they elect a Chairperson from among themselves to lead the Committee. Attendance at Committee meetings is limited to members only, unless the Committee decides to invite non-members when necessary. Mr. Indrajith Wijesiriwardana is considered suitable for the role of Chairman of the Committee due to his strong leadership capabilities, sound judgment, and ability to ensure fair, transparent, and effective remuneration practices that align with the Company's strategic objectives and governance standards.

Primary Responsibilities:

- The Committee may meet at any time upon request of the Chair or any member and must meet at least once every three months
- Members must receive at least 7 days' notice of meeting details (date, time, and place)
- Members may participate via electronic means and will be considered present and entitled to vote.
- Ensure remuneration policies align with the institution's long-term objectives and corporate values
- Review external evaluations of HR strategies and report findings to the Board
- Review and recommend HR strategies and policies including recruitment, development, retention, compensation, and benefits
- Oversee talent management, diversity and inclusion, and ethical labor practices in line with ESG commitments
- Recommend procedures for selecting and replacing Board members
- Recommend independent candidates for committee membership
- Approve nominations of senior management
- Review and recommend executive remuneration, including contracts, salary, and incentives
- Monitor changes in remuneration, recruitment, retention, and termination policies
- Review and approve short-term incentive strategies, performance targets, and bonus payments

Meeting Times:

The Appointment and Remuneration Committee meeting was held four times in 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Indrajith Wijesiriwardana Committee Chair/Independent Director	25th October 2019	4	4
Mr. Sanakan Thamotharampillai Member / Independent Director	11th January 2024	4	4
Mr. Don Soshan Kamantha Amarasekera Member / Independent Director	25th October 2019	4	4

Evaluation 2025:

APPOINTMENT AND REMUNERATION COMMITTEE (To be completed by ARC members only)	**Scale**
AUTHORITY	
a. Authority to seek information from management or call for questioning	5
b. Authority to request external advice from professional/ experts	5
c. Authority to disclose unresolved issues/ discussion of committee into board of director's annual report	5
RESOURCES & ORGANIZING	
a. Members receive sufficient background information and reports in appropriate time prior to meetings.	5
b. Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.	5
c. Meeting time is appropriately allocated between Committee discussion and presentations.	5
d. Frequency of committee meetings, quality of composition, and size is sufficient for it to accomplish its tasks.	5
e. Sufficiency of expertise, support, time, and access to key staff and information to enable it to discharge its monitoring and oversight role effectively.	5
DUTY QUALITY	
a. The Appointment and Remuneration Committee is addressing effectively the matters delegated to it in ToR.	5
b. The evaluation and recommendations on HR policy, procedure, remuneration in consistency with the long-term objective of the company.	5
c. Ensure a proper succession plan for directors and top management.	5
d. Monitoring on the establishment and adequacy of continuous training programs for staff.	5
e. Effectiveness of short-term incentive strategy, performance targets, bonus payments, and remuneration for directors and top management whether it is paid in cash or non-cash.	5
f. Appointment and Remuneration Committee set up criteria to determine fair remuneration. For example, the paid amount is comparable to the peer in the same industry.	5

3. Corporate Governance Report

Board Meeting

A board meeting is generally conducted in quarters. The board of directors reviews the overall company's performance in every meeting. The board is also kept informed of developments in the financial sector, such as statutory or regulatory changes, and their potential influence on the company.

In addition to reviewing and discussing regular board papers that report on performance and compliance, the board also reviews and discusses special board papers that address non-routine matters.

Attendance in Meeting per Year

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Brindley de Zylva Chairman	**25th October 2019**	4	4
Mr. Conrad Dias Non-Executive Director	**25th October 2019**	4	4
Mrs. Sunjeevani Kotakadeniya Independent Director	**22nd December 2021**	4	4
Mr. Indrajith Wijesiriwardana Independent Director	**25th October 2019**	4	4
Mr. Kamantha Amarasekera Independent Director	**25th October 2019**	4	4
MR. Sanakan Thamotharampillai Independent Director	**11th January 2024**	4	4

Annual Board Evaluation

No.	Description	Evaluation Procedure	Criteria
1	Board of Directors	Each director must assess the performance of the Board of Directors by assigning a quantitative score (1–5) to each criterion and signing the evaluation form. Following the evaluation, the Company Secretary will compile the results of all evaluations for board meeting discussion.	1. Composition of Board of Directors 2. Oversight of Management 3. Understanding the company culture and its business 4. Conduct of Board meeting
2	Directors	Each director shall self-evaluate by assigning a score (1–5) to each criterion and signing the evaluation form. The Company Secretary will receive all assessment forms to compile the results for discussion at the board meeting.	Director performance quality

Independence and Transparency

Two of the Board of Directors of SMI are non-executive, and four out of the seven directors are independent directors. The structure and composition of the Board of Directors are in compliance with the Law on Insurance, Law on Commercial Enterprise, Prakas on Requirement for Corporate Governance, and Prakas on Corporate Governance for Insurance Companies.

QUALIFIED, ACTIVE AND INDEPENDENT BOARD	COMPLIANCE
All board members shall be strictly assessed with their qualifications and approved by IRC.	✓
All board members shall attend at least 75% of the total board meetings in a year	✓
Board members should exercise sound judgment	✓
The Audit Committee shall be chaired by an independent board member and at least one member of the Committee shall be an expert in the area of financial audit.	✓
TRANSPARENCY	
Disclosure to the public: ○ Board structure and management structure/organizational chart ○ Basic ownership structure ○ Where applicable, corporate group structure and corresponding ownership shares held ○ Code of conduct or ethical code ○ Annual Report ○ Audited financial statement	✓

LAW ON COMMERCIAL ENTERPRISE	
The directors of a company shall approve the annual financial statements and the approval shall be shown by the signature of one or more directors.	✓
A company shall not issue, publish or circulate copies of annual financial statements unless the financial statements are approved by the directors and accompanied by the auditor's report.	✓
Calling for meetings: Meetings of the board of directors shall be held at least once every three (3) months. The adoption of the Board of Directors Resolution shall be decided based on the majority vote of the members or representatives that were presented in the meeting.	✓

Report of The Board of Directors

Directors' interests

None of the Directors held or dealt in the shares of the Company.

Directors' benefits

During and at the end of the financial year, the company was not party to any system in which a director of the company could glean benefits through the acquisition of shares in, or debentures of, the company or any other corporate body.

No company director has received or become entitled to receive benefits (other than benefits disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is member, or with a Company in which the Directors have a substantial financial interest other than as disclosed in the financial statements.

Statements of Directors' responsibility in respect to financial statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2025, and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies that are supported by reasonable and prudent judgments and estimates, and then apply them consistently;

ii. comply with Cambodian International Financial Reporting Standards ("CIFRS") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

iii. ascertain that proper action had been taken in relation to the writing-off of bad debts, making of allowance for doubtful debts, satisfying that all known bad debts have been written off and that adequate allowance had been made for doubtful debts;

iv. ensure that any assets other than debts — which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Company — are recorded at an amount which they might be expected to realize;

v. oversee the Company's financial reporting process and maintain both adequate accounting records and an effective system of internal controls; and

vi. assess 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.

At the date of this report, the Directors are not aware of any circumstances:

i. which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent;

ii. which would render the values attributed to assets in the financial statements of the Company misleading;

iii. which render adherence to the existing method of valuation of assets and liabilities of the Company misleading or inappropriate.

No contingent or other liability is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability to meet its obligations as and when they fall due. At the date of this report, there does not exist:

i. any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

ii. any contingent liability in respect of the Company that has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

In opinion of the Directors:

1. the results of the Company’s operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
2. there has not arisen any significant event or matter, in the interval between the end of the financial year and the date of this report, likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

PART 4: Financial and Operation

1. Capital and Solvency Margin

Since the third quarter of 2024, the Company's solvency margin has fallen below 120%, which is the minimum level required by regulatory guidelines. In response to this situation, the Company has been actively preparing a solvency restoration plan to bring the solvency margin back into compliance. This plan was initially developed for submission to the Insurance Regulator of Cambodia, subject to prior approval from the Board of Directors.

Both Management and the Board of Directors held discussions regarding measures to strengthen the Company's financial position, including a proposed capital increase through the introduction of a new shareholder. On February 11, 2025, Serendib Microinsurance Plc. formally submitted its solvency restoration plan to the Insurance Regulator of Cambodia, and the plan was subsequently approved on February 21, 2025.

However, the implementation of the approved plan encountered challenges. Specifically, LOLC Asia Private Limited, one of the shareholders, was unable to proceed with the planned capital injection because it could not acquire all shares held by the three Sri Lankan shareholders as originally intended.

As a result, the shareholders and the Board of Directors revisited the proposed arrangement and agreed on a revised shareholder structure. This revised structure was prepared for resubmission to the Insurance Regulator of Cambodia for approval. Under the original plan, LOLC Asia Private Limited was to acquire all 999,900 shares from the three Sri Lankan shareholders and subsequently transfer 749,994 shares to a new investor, LOLC Cambodia PLC.

Under the revised plan, however, LOLC Cambodia PLC will directly acquire all shares from the three Sri Lankan shareholders and additionally purchase 500,011 shares from LOLC Asia Private Limited. This restructuring aims to facilitate the capital injection more effectively and ensure compliance with regulatory requirements.

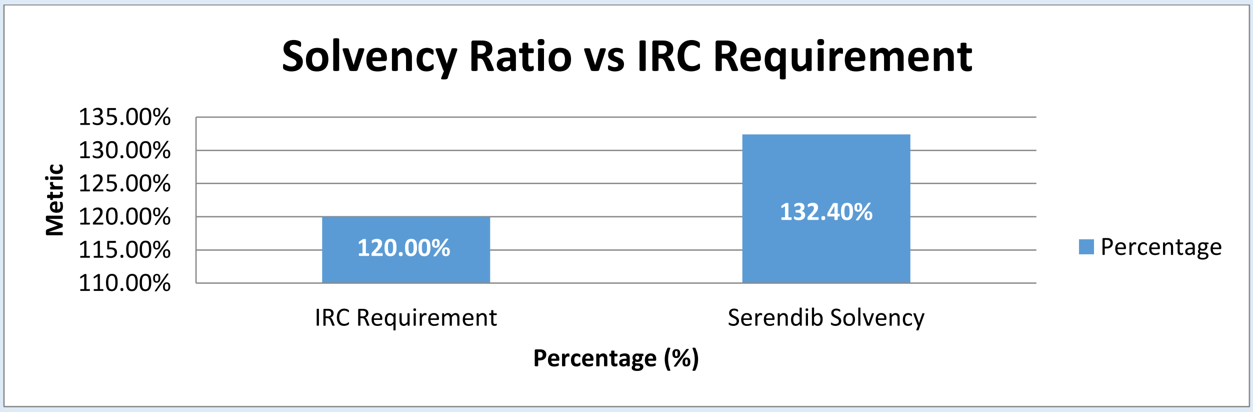
As of 2025, the Company's solvency margin has improved to 132.14%, exceeding the required minimum threshold of 120% as stipulated by regulation. This improvement was achieved following a capital injection of 855,626 contributed by the new shareholder.

On January 2, 2026, the Company received approval from the Insurance Regulator of Cambodia for the share transfer, marking the first stage in the process of share acquisition, capital increase, and formal recognition of the change in the Company's shareholder structure.

Following this regulatory approval, the Company submitted an application to the Ministry of Commerce on January 5, 2026, requesting approval for the change in shareholder names. Subsequently, on January 12, 2026, the Company submitted an additional application to the Ministry of Commerce for the approval of the share transfer.

At present, the Company is awaiting approval from the Ministry of Commerce in order to proceed with the remaining steps in the share transfer process and the planned capital increase.

Solvency Ratio



2. Investment

A. Investment strategy, risk and Oppoortunity

The Serendib's investment is to maximize return on the investment funds through a combination of income and capital appreciation in a manner consistent with prudent investment practices, in which it requires to exercise a high degree of fiduciary care, skill and diligence and to comply with regulation.

There are four main types of investments, also called asset classes, each with own benefits and risks. These are cash, fixed interest, shares and properties. However, risk and returns should not be the only considerations that determine what types of investment products Serendib chooses. Therefore, investment planning should ensure that portfolio aligns with risk tolerance, investment goals, and time horizon.

In Cambodia, insurance companies have a few investment options available to them. The predominant investment option is fixed-term deposits. There is also a very limited supply of corporate bonds available for investment. The insurance market in Cambodia is still developing, and the local capital market offers limited investment opportunities, leading insurers to rely more on underwriting for profits mainly.

Based on PRAKAS, the investment instruments in Cambodia and allowed by regulator, including securities instruments, real estate investment, trust, equity investment and deposit based on the available investment fund.

i. **Securities Instruments (60% of investment fund)**: (Corporate Stock and/or Bond- rate B at least and Government Bond)

a. Invest in stock market in Cambodia

- As per recently check with CSX (Cambodia Stock Exchange), below is the key finding:

Market closing data for the date: 16/01/2026

Board	Volume (Share)	Value (KHR)	Market Cap. (Mil.KHR)	Full Market Cap. (Mil.KHR)
All	366,063	2,356,946,880	11,653,487	20,246,135

Remark: Trading Volume/Value include Volume/Value from Auction Trading Method and Negotiated Trading Method

- Market Cap. = listed shares * current price
- Full Market Cap. = total shares * current price
- Trading volume and trading value included both KHR and USD settlement trading's.

Auction Trading Method (ATM)

Stock	Close	Change	Open	High	Low	Volume (Share)	Value (KHR)	P/E	P/B
ABC	7,120	▼ 240	7,100	7,200	7,080	299,485	2,132,786,320	3.89	0.48
CGSM	2,510	0	2,510	2,510	2,490	6,022	15,038,600	132.11	4.06
GTI	8,140	▼ 20	8,100	8,180	8,060	1,864	15,120,960	142.81	1.16
MJQE	2,040	▼ 10	2,040	2,040	2,030	5,436	11,076,580	24.29	5.67
PAS	13,060	▼ 20	13,080	13,080	13,000	1,217	15,874,640	7.08	1.43
PEPC	2,790	▼ 10	2,800	2,800	2,790	914	2,555,620	-	-
PPAP	14,140	▼ 60	14,200	14,200	14,080	2,607	36,806,760	4.11	0.58
PPSP	2,090	▼ 20	2,100	2,100	2,060	34,016	70,818,920	4.22	0.48
PWSA	6,340	0	6,320	6,340	6,300	3,849	24,296,660	7.67	0.55
DBDE	2,200	▼ 20	2,190	2,210	2,180	3,366	7,399,350	2.85	1.01
JSL	2,480	▼ 20	2,500	2,500	2,450	4,141	10,171,850	-	5.57
PCG	4,800	0	4,780	4,800	4,720	3,146	15,000,620	-	-

With a limited number of listed companies and relatively low daily trading volumes, this presents significant liquidity risks, meaning that Serendib Microinsurance may face difficulties buying or selling stocks without materially impacting prices. For an insurance company that needs to ensure timely access to funds — particularly to meet policyholder claims and operational needs — this lack of liquidity is a major concern.

Therefore, management does not recommend SMI to consider investing in the stock exchange at this stage.

b. Bond

As per recently check with CSX (Cambodia Stock Exchange), below is the key finding:

Market closing data for the date: 16/01/2026

Trading Volume (Units)	Trading Value (KHR)
0	0

Remark: Trading Volume/Value include Volume/Value from Auction Trading Method and Negotiated Trading Method

We noted that there are currently no trading opportunities on the CSX, and no new bond issuances at this time. It may be prudent to explore alternative investment options or wait for more favorable market conditions.

ii. **Real Estate Investment**: (20% of the investment fund)

We noted that Article 44 of the Constitution of the Kingdom of Cambodia:" Only natural persons or legal entities of Khmer nationality shall have the right to land ownership. Legal private ownership shall be protected by law. The right to confiscate properties from any person shall be exercised only in the public interest as provided for by law and shall require fair and just compensation in advance". This article is the legal foundation for Cambodia's restriction on foreign land ownership. It clearly states that only Khmer nationals or Khmer-registered entities can own land. Foreigners are allowed to own strata-titled properties (condos) only above the ground floor, and up to 70% of the total units in a co-owned building.

Summary of the article above:

Ownership	Type Allowed for Foreigners	Notes
Land (Freehold)	Not allowed	Only Khmer nationals or entities
Ground-floor units	Not allowed	Considered land contact
Upper-floor condos	Allowed	Up to 70% of building units
Land via lease/trust	Allowed indirectly	Requires legal structure

Key highlights that are currently making investors hesitant to invest in Cambodia's real estate market:

a) High Liquidity Requirement

Our current funds need to remain readily available to cover claims, operational expenses, and the planned return of capital injection. Property investments are illiquid, meaning the funds would be tied up for a long period and not easily accessible when needed.

b) Uncertainty in the Property Market

Property values in the current market environment are unpredictable. Price volatility and slower market demand increase the risk of capital loss or delayed returns, making it an unfavorable time for long-term asset commitments.

c) Low Short-Term Return Potential

Property investments typically generate returns over an extended period. Given our focus on ensuring sufficient cash flow and maintaining financial stability, such long-term investments do not align with our immediate priorities.

d) Operational and Administrative Burden

Managing property investments requires additional administrative work, ongoing maintenance, and monitoring. At this stage, our priority is to streamline operations and utilize resources efficiently rather than expand into asset management responsibilities.

e) Strategic Focus on Core Activities

Our financial strategy aims to prioritize liquidity, operational readiness, and risk management. Diverting funds into non-core investments such as property may dilute this focus and reduce financial flexibility.

Management does not recommend the investment in real estate in Cambodia with following reason:

- With the uncertainty of the economic, the investment in real estate is not preferable.
- Serendib is a foreign company which could not own the land directly.
- Based on the current market situation, we anticipate low liquidity due to an oversupply of condominium projects.
- We need to engage a real estate appraiser for the real estate annually.
- If Serendib intends to purchase land or ground-floor units directly, the transaction must be processed through a trust company, which requires a complex legal structure and prior approval from the relevant regulatory authorities.

f) Tax implications

We have several tax implications when purchasing real estate (land or buildings), including:

- **Tax on Immovable Property (TOIP):** An annual tax of **0.1%** applied to properties valued above **KHR 100 million** (approximately USD 25,000).
- **Transfer Tax (Stamp Duty):** A one-time tax of **4%** on the assessed value of the property at the time of purchase.
- **Capital Gains Tax (CGT):** A tax of **20%** on the profit earned from selling the property. CGT on real estate will become effective on **1 January 2027**.

Considering these factors, it might be prudent to explore other investment opportunities or wait for more favorable market conditions.

iii. **Trust**: (20% of the investment fund)

The Law on Trusts was promulgated in 2019 ("Trust Law") to manage trusts which are established in Cambodia. The trust law determines not only the rules and procedure for the establishment, registration, management and control of financial trusts, but also of all types of trusts established in Cambodia. Previously, financial trusts were managed by Sub Decree No. 476 ANKr.BK ("Sub Decree No. 476") dated 26 August 2013. The Trust Law does not invalidate those trust registrations under this Sub-Decree, but brings those registrations under the Trust Law (Art. 55 of the Trust Law).

Currently in Cambodia there are 14 trust companies operating and three companies below are top three in Cambodia:

1) Cana Trust Co., Ltd. (Commercial Trust, Social Trust, Individual Trust)
2) Phillip Trustee (Cambodia) Co., Ltd. (Commercial Trust, Social Trust, Individual Trust)
3) Stronghold Trustee Co., Ltd. (Commercial Trust, Individual Trust)

A trust company is a financial institution that manages assets and provides fiduciary services on behalf of individuals, families, or organizations. It acts as a trustee, custodian, or executor, handling responsibilities such as estate administration, investment management, and safeguarding financial assets. Trust companies are commonly used for estate planning, wealth transfer, and corporate services like pension and bond management, offering professional oversight, legal compliance, and continuity across generations.

We will use a trust company in the event the management team intends to invest in property (land and ground-floor buildings), as the regulator does not allow a foreign company to purchase property directly. It may include incurred fees such as commissions, annual service charges, and any taxes applicable to real estate.

Therefore, management does not recommend SMI to consider investing in Trust at this stage.

iv. **Equity Investments** in other companies outside of the insurance sector should not exceed 6% of the investment fund and the fund must be at least 20% of the company's share capital invested.

Despite Cambodia's economic growth, equity investment in the country presents several challenges in 2025. The Cambodian market remains small and illiquid, with limited transparency and corporate governance. Many companies are privately held and lack financial reporting standards aligned with international norms, increasing due diligence costs and risks.

Considering these factors, it might be prudent to explore other investment opportunities or wait for more favorable market conditions.

v. **Deposit** is not limited for the investments, however, should not be more than 30% per commercial bank. Management recommends the fixed term deposit for the cash placement at banks due to:

- it provides a high return with the competitive rate compared to bonds or other securities
- There is no complication in accounting treatment.
- There is no 20% tax on the income from the interest from banks.
- Duration of the Fixed deposit is flexible based on management's decision, and it is liquidated to cash at any time required by the companies without penalties.
- It is a safe investment compared to other investment type listed above.

This is noted that the interest rate in the market has dropped. There are a few reasons for dropping such as:

- Loan portfolio's growth is low
- Bank liquidity's ratio is high/surplus
- The return from investment has dropped

Below is the trend of the interest rate of commercial banks for individual customers in Oct-2025 to Jan 2026:

Fixed Deposit Interest Rate

Date: 22 Oct 2025

Term	KB Prasac		Woori		Hatha Bank		ABA Bank		Acleda Bank		
	KHR	USD	KHR	USD	KHR	USD	KHR	USD	KHR	USD	THB
1M	2.00%	1.50%	2.50%	2.00%	2.50%	2.00%	2.00%	1.50%	2.05%	1.45%	0.00%
2M	2.25%	1.75%	2.50%	2.00%	2.50%	2.00%	2.00%	1.50%	2.25%	1.55%	0.00%
3M	3.25%	2.75%	3.50%	3.00%	2.50%	2.00%	2.25%	1.75%	2.50%	1.85%	0.03%
4M	3.25%	2.75%	3.50%	3.00%	2.50%	2.00%	2.25%	1.75%	2.90%	1.90%	0.03%
5M	3.25%	2.75%	3.50%	3.00%	2.50%	2.00%	2.25%	1.75%	3.15%	2.15%	0.03%
6M	4.25%	3.25%	4.25%	3.50%	4.00%	3.25%	2.50%	2.00%	3.50%	2.20%	0.05%
7M	4.25%	3.25%	4.25%	3.50%	4.00%	3.25%	2.50%	2.00%	3.60%	2.45%	0.05%
8M	4.25%	3.25%	4.25%	3.50%	4.00%	3.25%	2.50%	2.00%	3.65%	2.55%	0.05%
9M	4.50%	3.50%	4.25%	3.50%	4.25%	3.75%	2.50%	2.00%	3.80%	2.70%	0.09%
10M	4.50%	3.50%	4.25%	3.50%	4.25%	3.75%	2.50%	2.00%	4.00%	2.75%	0.09%
11M	4.50%	3.50%	4.25%	3.50%	4.25%	3.75%	2.50%	2.00%	4.15%	2.95%	0.09%
12M	5.75%	4.75%	5.75%	4.85%	5.25%	4.25%	2.75%	2.25%	4.25%	3.45%	0.33%
18M	5.75%	4.75%	6.00%	4.95%	5.25%	4.25%	2.75%	2.25%	4.30%	3.50%	0.44%
24M	5.75%	4.75%	6.10%	5.05%	5.50%	4.50%	2.75%	2.25%	4.35%	3.55%	0.55%
36M	5.75%	4.75%	6.30%	5.15%	5.50%	4.50%	2.75%	2.25%	4.35%	3.55%	0.55%

Date: 16 Jan 2026

Term	KB Prasac		Woori		Hatha Bank		ABA Bank		Acleda Bank		
	KHR	USD	KHR	USD	KHR	USD	KHR	USD	KHR	USD	THB
1M	2.00%	1.50%	0.00%	0.00%	2.50%	2.00%	2.00%	1.50%	2.05%	1.45%	0.00%
2M	2.25%	1.75%	0.00%	0.00%	2.50%	2.00%	2.00%	1.50%	2.25%	1.55%	0.00%
3M	3.25%	2.75%	2.25%	1.75%	2.50%	2.00%	2.25%	1.75%	2.50%	1.85%	0.03%
4M	3.25%	2.75%	3.00%	2.25%	3.25%	2.50%	2.25%	1.75%	2.90%	1.90%	0.03%
5M	3.25%	2.75%	3.00%	2.25%	3.25%	2.50%	2.25%	1.75%	3.15%	2.15%	0.03%
6M	4.25%	3.25%	3.00%	2.25%	3.25%	2.50%	2.50%	2.00%	3.50%	2.20%	0.05%
7M	4.25%	3.25%	3.00%	2.25%	3.50%	3.00%	2.50%	2.00%	3.60%	2.45%	0.05%
8M	4.25%	3.25%	3.00%	2.25%	3.50%	3.00%	2.50%	2.00%	3.65%	2.55%	0.05%
9M	4.50%	3.50%	3.00%	2.25%	3.50%	3.00%	2.50%	2.00%	3.80%	2.70%	0.09%
10M	4.50%	3.50%	3.00%	2.25%	4.50%	3.50%	2.50%	2.00%	4.00%	2.75%	0.09%
11M	4.50%	3.50%	3.00%	2.25%	4.50%	3.50%	2.50%	2.00%	4.15%	2.95%	0.09%
12M	5.75%	4.50%	4.50%	3.60%	4.50%	3.50%	2.75%	2.25%	4.25%	3.45%	0.33%
18M	5.75%	4.50%	4.75%	3.70%	4.75%	3.75%	2.75%	2.25%	4.30%	3.50%	0.44%
24M	5.75%	4.50%	4.75%	3.70%	4.75%	3.75%	2.75%	2.25%	4.35%	3.55%	0.55%
36M	5.75%	4.50%	5.05%	3.90%	4.75%	3.75%	2.75%	2.25%	4.35%	3.55%	0.55%

Variance of the interest Rate in Oct-25 compared to Jul-25											
KB Prasac		Woori		Hatha Bank		ABA		Acleda		
KHR	USD	KHR	USD	KHR	USD	KHR	USD	KHR	USD	USD
0%	0%	-3%	-2%	0%	0%	0%	0%	0%	0%	0%
0%	0%	-3%	-2%	0%	0%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	0%	0%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	1%	1%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	1%	1%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	-1%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	0%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	0%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	-1%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	0%	0%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	0%	0%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	-1%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	-1%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	-1%	0%	0%	0%	0%	0%
0%	0%	-1%	-1%	-1%	-1%	0%	0%	0%	0%	0%

However, for Serendib we still have room to negotiate with the commercial bank for a better interest rate compared to the current Market.

B. Investment Result 2025

The investment in Fixed Deposit among banks varies due to allocation of the fund to get the better pricing while controlling and justifying its risk. The table below shows the fixed term deposit certificates which Serendib has diversified and placed at 9 commercial banks. The total term deposit for commercial banks does not exceed 30% to ensure compliance with law and regulation in terms of exposure per bank. The interest rate that Serendib received from the bank is between **3.25% to 6%.**

According to the recent IRC announcement, the regulator did not approve the inclusion of accrued interest over 180 days in solvency calculations. As a result, the management will revise some deposit terms from 12 months to 6 months for commercial banks offering the lowest interest rates, in order to comply with IRC guidelines and maintain flexibility in seeking better rates under current market conditions.

Based on meeting with IRC on 14 October 2024, we received information from the IRC indicating that all solvency accounts cannot be mixed with investment in fixed deposits when calculating the percentage of placement in each bank. Therefore, we need to recalculate the percentage of fixed deposit placements in each bank separately, ensuring it remains below 30%.

- **Investments in fixed deposit as a whole**

Summary Fixed Deposit by Banks As of 31 December 2025

No	Bank	Deposit Orginal Currency	Deposit Orginal Currency	Total Deposit Amount	Weighted Int. Rate	Annual Net Interest	Rate FD per Bank	Int. Income in DEC25
		USD	KHR	USD	%	USD	%	USD
1	Sathapana Bank	126,200	-	126,200.00	5.88%	6,977	1.82%	581.39
2	FTB Bank	240,000	-	240,000.00	3.81%	8,601	3.47%	422.48
3	ABA Bank	70,000	-	70,000.00	3.00%	1,974	1.01%	164.50
4	Hong Leong Bank	1,778,000	600,000,000	1,927,514.09	4.23%	76,630	27.85%	5,905.44
5	ACLEDA Bank	1,200,000	450,000,000	1,312,135.56	3.81%	47,006	18.96%	3,917.17
6	DGB Bank	-	360,000,000	89,708.45	6.00%	5,060	1.30%	421.63
7	MB Cambodia	100,000	-	100,000.00	5.75%	5,405	1.44%	450.42
8	CIMB Bank	875,000	1,400,000,000	1,223,866.19	4.01%	46,175	17.68%	4,681.24
9	Chip Mong Bank	1,780,000	210,000,000	1,832,329.93	5.07%	87,352	26.47%	7,279.30
	Total	6,169,200	3,020,000,000	6,921,754.22	4.38%	285,179	100.00%	23,823.57
Total US$ Equivalent		6,169,200	752,554.20	6,921,754.22	4.38%	285,179	100.00%	23,823.57

- **Investments in fixed deposit excluding solvency account:**

Summary Fixed Deposit by Banks As of 31 December 2025

No	Bank	Deposit Orginal Currency	Deposit Orginal Currency	Total Deposit Amount	Weighted Int. Rate	Annual Net Interest	Rate FD per Bank	Int. Income in DEC25
		USD	KHR	USD	%	USD	%	USD
1	Sathapana Bank	126,200	-	126,200.00	5.88%	6,977	2.90%	581.39
2	FTB Bank	240,000	-	240,000.00	3.81%	8,601	5.52%	422.48
3	ABA Bank	70,000	-	70,000.00	3.00%	1,974	1.61%	164.50
4	Hong Leong Bank	1,078,000	600,000,000	1,227,514.09	4.25%	49,088	28.24%	3,610.25
5	ACLEDA Bank	500,000	450,000,000	612,135.56	3.94%	22,660	14.08%	1,888.36
6	DGB Bank	-	360,000,000	89,708.45	6.00%	5,060	2.06%	421.63
7	MB Cambodia	100,000	-	100,000.00	5.75%	5,405	2.30%	450.42
8	CIMB Bank	400,000	1,400,000,000	748,866.19	4.50%	31,664	17.23%	2,262.68
9	Chip Mong Bank	1,080,000	210,000,000	1,132,329.93	5.04%	53,602	26.05%	4,466.81
	Total	3,594,200	3,020,000,000	4,346,754.22	4.53%	185,030	100.00%	14,268.52
Total US$ Equivalent		3,594,200	752,554.20	4,346,754.22	4.53%	185,030	100.00%	14,268.52

- **Solvency account in fixed deposit:**

Summary Fixed Deposit by Banks As of 31 December 2025								
No	Bank	Deposit Orginal Currency	Deposit Orginal Currency	Total Deposit Amount	Weighted Int. Rate	Annual Net Interest	Rate FD per Bank	Int. Income in DEC25
		USD	KHR	USD	%	USD	%	USD
1	Hong Leong Bank	700,000	-	700,000.00	4.19%	27,542	27.18%	2,295.19
2	ACLEDA Bank	700,000	-	700,000.00	3.70%	24,346	27.18%	2,028.81
3	CIMB Bank	475,000	-	475,000.00	3.25%	14,511	18.45%	2,418.56
4	Chip Mong Bank	700,000	-	700,000.00	5.13%	33,750	27.18%	2,812.49
Total		2,575,000	-	2,575,000.00	4.14%	100,149	100.00%	9,555.05
Total US$ Equivalent		2,575,000	-	2,575,000.00	4.14%	100,149	100.00%	9,555.05

C. Available Fund for Investment

a) Extracted Three Year Financial Projections on Statement of Financial Position

Based on the financial projection 2026-2028, it is expected to invest in Fixed Deposit from year to year at each respective year as per the table below.

	Projected	Budget Plan 2026-2028		
	2025	2026	2027	2028
	USD	USD	USD	USD
ASSETS				
Current Assets				
Cash and Cash Equivalent	804,555	522,342	844,458	927,995
Premium Receivable	977,115	1,081,120	1,303,341	1,494,206
Deferred Acquisition cost	1,551,374	1,799,997	2,319,019	2,801,493
Other Current Assets	147,528	510,424	540,000	697,500
Total Current Assets	**3,480,572**	**3,913,883**	**5,006,818**	**5,921,194**
Non-Current Assets				
Statutory Deposit Requirement	50,000	48,579	48,579	48,579
Investment Instruments	6,900,658	10,453,872	14,000,000	18,500,000
Properties and Equipment	28,915	100,221	82,568	75,628
Intangible Asset	77,844	68,435	56,700	24,964
Right-of-use assets	79,751	75,953	53,168	30,382
Total Non-Current Assets	**7,137,168**	**10,747,060**	**14,241,015**	**18,679,553**
Total Assets	**10,617,740**	**14,660,943**	**19,247,833**	**24,600,747**

b) Cash and investment assets for investment Plan

Based on the Prakas on Investment for insurance companies from Insurance Regulator of Cambodia, the investment fund shall be made by including both previous year audited cash equivalent and investment asset including current year available investment fund. However, since the audited report 2025 is still in progress, figure of the cash equivalent and investment assets are taken based on the management's projection.

Below table shows the total available fund for investment.

	2025	2026	2027	2028
	USD	USD	USD	USD
Cash and Cash Equivalent (*)	3,088,678	3,615,702	4,604,482	5,260,613
Investment Instruments	4,616,535	7,360,512	10,239,976	14,167,382
Minimum Capital requirement (1USD=KHR4,000)	(500,000)	(500,000)	(500,000)	(500,000)
Total Investment fund (surplus fund)	**7,205,213**	**10,476,214**	**14,344,458**	**18,927,995**

*The cash and cash equivalent is included in the expected solvency requirement 25% which are placed in Fixed term deposit.

	2025	2026	2027	2028
Solvency Accounts (25% of GWP)	2,284,122	3,093,360	3,760,024	4,332,618

D. Three Year Investment Plan 2026-2028

The investment plan is prepared and reviewed by the Serendib investment committee based on the three-year financial projections of Serendib. The following information is the investment plan from 2026 to 2028 proposed for the Board of Directors to review and approval.

Type of Investments Assets	2025				2026					
	Investment fund Portfolio	Diversified Investment Fund	% of investment	Investment Projection 2025	Investment fund Portfolio	Diversified Investment Fund	% of Investment	Investment Plan 2026	Existing Investment (2025)	Additional Investment 2026
	%	USD	%	USD	%	USD	%	USD	USD	USD
				A				A	B	C = A-B
1 **Fixed Deposit [Diversified Fund =** Investment Asset Portfolio % X Investment fund+ solvency (FD)] The % deposit of each bank will be flexible based on the banks that provides the highest interest rate but not over 30% per commercial banks.	64%	**4,616,535**	100%	4,616,535	60.7%	**6,360,512**	100%	6,360,512	4,616,535	1,743,977
Bank A			8%	369,323			10%	636,052	369,323	266,729
Bank B			2%	92,331			1%	63,605	92,331	(28,726)
Bank C			2%	92,331			2%	127,210	92,331	34,879
Bank D			9%	415,488			8%	508,841	415,488	93,353
Bank E			15%	692,480			15%	954,077	692,480	261,597
Bank F			25%	1,154,134			22%	1,399,313	1,154,134	245,179
Bank G			2%	92,331			2%	127,210	92,331	34,879
Bank H			27%	1,246,465			28%	1,780,943	1,246,465	534,478
Bank I			10%	461,654			12%	763,261	461,654	301,607
2 **Security ≤ 60% of Investment fund**	0%	-	100%	-	9.5%	1,000,000	100%	1,000,000	-	1,000,000
Purchase Stocks			0%	-			0%	-	-	-
Rated bonds/Non-rated bond			100%	-			100%	1,000,000	-	1,000,000
3 **Real estate ≤ 20% of Investment fund**	0%	-	100%	-	0%	-	100%	-	-	-
Land			50%	-			50%	-	-	-
Building			50%	-			50%	-	-	-
4 **Trust ≤ 20% of Investment fund**	0%	-	100%	-	0%	-	100%	-	-	-
5 **Investment on associate ≤ 6% of Investment fund**	0%	-	100%	-	0%	-	100%	-	-	-
6 **Other investment (Subjected to request approval from IRC)**	0%	-	100%	-	0%	-	100%	-	-	-
			50%	-			50%	-	-	-
			50%	-			50%	-	-	-
Total Investment (1+2+3+4+5+6)	**64%**	**4,616,535**		**4,616,535**	**70%**	**7,360,512**		**7,360,512**	**4,616,535**	**2,743,977**

Type of Investments Assets	2027						2028					
	Investment fund Portfolio	Diversified Investment Fund	% of Investment	Investment Plan 2027	Existing Investment (2026)	Additional Investment 2027	Investment fund Portfolio	Diversified Investment Fund	% of Investment	Investment Plan 2028	Existing Investment (2027)	Additional Investment 2028
	%	USD	%	USD	USD	USD	%	USD	%	USD	USD	USD
				A	B	C = A-B				A	B	C = A-B
1 **Fixed Deposit [Diversified Fund =** Investment Asset Portfolio % X Investment fund+ solvency (FD)] The % deposit of each bank will be flexible based on the banks that provides the highest interest rate but not over 30% per commercial banks.	64%	**9,239,976**	100%	9,239,976	6,360,512	2,879,464	70%	**13,167,382**	100%	13,167,382	9,239,976	3,927,406
Bank A			8%	739,198	636,052	103,146			10%	1,316,737	739,198	577,539
Bank B			1%	92,400	63,605	28,795			2%	263,348	92,400	170,948
Bank C			2%	184,800	127,210	57,590			2%	263,348	184,800	78,548
Bank D			8%	739,198	508,841	230,357			8%	1,053,391	739,198	314,193
Bank E			16%	1,478,396	954,077	524,319			16%	2,106,781	1,478,396	628,385
Bank F			20%	1,847,995	1,399,313	448,682			20%	2,633,476	1,847,995	785,481
Bank G			2%	184,800	127,210	57,590			2%	263,348	184,800	78,548
Bank H			28%	2,587,193	1,780,943	806,250			26%	3,423,519	2,587,193	836,326
Bank I			15%	1,385,996	763,261	622,735			14%	1,843,433	1,385,996	457,437
2 **Security ≤ 60% of Investment fund**	7%	1,000,000	100%	1,000,000	1,000,000	-	5%	1,000,000	100%	1,000,000	1,000,000	-
Purchase Stocks			0%	-	-	-			0%	-	-	-
Rated bonds/Non-rated bond			100%	1,000,000	1,000,000	-			100%	1,000,000	1,000,000	-
3 **Real estate ≤ 20% of Investment fund**	0%	-	100%	-	-	-	0%	-	100%	-	-	-
Land			50%	-	-	-			50%	-	-	-
Building			50%	-	-	-			50%	-	-	-
4 **Trust ≤ 20% of Investment fund**	0%	-	100%	-	-	-	0%	-	100%	-	-	-
5 **Investment on associate ≤ 6% of Investment fund**	0%	-	100%	-	-	-	0%	-	100%	-	-	-
6 **Other investment (Subjected to request approval from IRC)**	0%	-	100%	-	-	-	0%	-	100%	-	-	-
			50%	-	-	-			50%	-	-	-
			50%	-	-	-			50%	-	-	-
Total Investment (1+2+3+4+5+6)	**71%**	**10,239,976**		**10,239,976**	**7,360,512**	**2,879,464**	**75%**	**14,167,382**		**14,167,382**	**10,239,976**	**3,927,406**

Note: All amounts above are not included in the solvency account on fixed deposits.

3. Insurance Technical Reserve

According to Prakas on Insurance Company Governance promulgated by the Non-banking Financial Services Authority on 15 January 2024, a life insurer must nominate an Appointed Actuary ("AA"). Provision 29 of the regulation stipulates that an AA shall have roles and responsibilities.

According to the service contract between the Company and Dactuaries Co., Ltd. ("DAC" or "we"), we act as the AA and provide the service of (5) as of the end of 2027.

A. Valuation Result and Methodology

Table 3.1 shows the gross balance amount of ITR at the end of 2024Q4 and 2025Q4. As required by IFRS 4, the technical provision in the financial report should be expressed on the basis of gross-of-amount.

Table 3.1. ITR at the end of 2024Q4 and 2025Q4 (Amount in US$)

Reserve Item		Gross Amount
ITR @ 31 December 2024[1]	**(1)**	3,532,288
UPR @ 31 December 2024[1]	(2)	3,271,013
Claim reserve @ 31 December 2024[1]	(3)	261,275
RBNS	(4)	35,054
IBNR	(5)	226,221
ITR @ 31 December 2025	**(6)**	4,743,459
UPR @ 31 December 2025	(7)	4,518,804
Claim reserve @ 31 December 2025	(8)	224,654
RBNS[2]	(9)	-
IBNR	(10)	129,858
MfAD	(11)	94,796

[1] Booked value shown in financial statement as of 31 December 2024.

[2] RBNS as of 31 December 2025 is the book value provided by the Company.

[3] (1)=(2)+(3); (3)=(4)+(5); (6)=(7)+(8),(8)=(9)+(10)+(11).

In this valuation, the Chain-Ladder ("CL") method is adopted to estimate IBNR. Following the guidelines from the Prakas on ITR Calculation ("Prakas"), the UPR is calculated using the 1/365 method for short-term insurance contracts. While the portfolio relates to life insurance, the simplified methodology applied is considered appropriate given that the business is priced and treated as a one-year term.

The actuary established quarterly loss development triangles on claims data from the operation in November 2021 as of the end of 2025. The loss development factors ("LDFs") are derived from actual experience within each triangle to project the ultimate claims, as a safety margin has already been included. In addition, the actuary applied the Bornhuetter-Ferguson ("BF") method for the latest loss year where it is considered appropriate. With the projected ultimate claims, the reported claims as of the valuation date are subtracted to obtain an estimate on IBNR. Please refer to Table 3.2 for the associated assumptions and calculation details on an annualized basis for simplicity.

Table 3.2. Derivation of Ultimate Claims, IBNR, and Ultimate Loss Ratios
(Amount in US$)

Loss Year[1]	EP (1)	APC (2)	ARC (3)	CDF (4)	UC (5)	RBNS (6)=(3)-(2)	IBNR (7)=(5)-(3)	MfAD[2] (8)	ULR (9)=(5)/(1)
Total									
2021-2022	635,833	276,924	276,924	1.000	276,924	-	-	-	43.6%
2023	2,179,526	906,977	906,977	1.000	906,977	-	-	-	41.6%
2024	4,698,509	1,836,270	1,836,270	1.001	1,838,971	-	2,701	1,972	39.1%
2025	3,273,394	2,725,281	2,725,281	1.195	2,852,437	-	127,157	92,824	87.1%
Total	10,787,261	5,745,452	5,745,452	1.093	5,875,310	-	129,858	94,796	54.5%

[1] The results from year 2021 to 2022 are combined.

[2] MfAD for IBNR is derived based on historical industry loss ratio with 95% confidence level.

[3] (1) Earned Premiums; (2) Accumulated Paid Claims;
(3) Accumulated Reported Claims; (4) Cumulative Development Factors (i.e. product of LDFs);
(5) Ultimate Claims; (8) Margins for Adverse Deviations;
(9) Ultimate Loss Ratio.

B. Summary

As of 31 December 2025, the valuation has been completed, with the total insurance technical reserve ("ITR") amounting to US$ 4,743,459 on gross of amount. The ITR is broken down by type of reserve as in Table 3.1, and please refer to Section 3 for details.

The liability adequacy test ("LAT") indicates that the unearned premium reserve ("UPR") as of 31 December 2025 is adequate. Therefore, the Company does not need to allocate additional unexpired risk reserve ("AURR") as of 1 January 2026. Detailed results can be found in Section 5.3.

IBNR (incurred but not yet reported) is calculated based on the most updated experience with additional Margin for Adverse Deviation ("MfAD") at 95% confidence level. MfAD is applied to all loss periods where claims development is not yet fully developed.

The actuary believes that the claim reserve is adequate, and therefore, there is no need to conduct the LAT for claim reserve.

The analysis is based on premium data, claims data, and other relevant information provided orally, via email, or any other form by the Company as of 31 December 2025

4. Business Operation Performance

Written Insurance Premium Management

In 2025, Serendib maintained strong oversight and control over its Written Insurance Premium to ensure sustainable growth and portfolio quality. The Company focused on disciplined underwriting practices and strategic expansion of its customer base.

Key approaches included:

- Premium Growth Strategy: Serendib continued to expand its market presence through partnerships, digital channels, and branch networks, resulting in steady growth in written premiums. The Company emphasized inclusive insurance solutions tailored to low- and middle-income customers.
- Underwriting Discipline: Strict underwriting guidelines were applied to ensure that all issued policies met risk acceptance criteria. This helped maintain a balanced risk portfolio and protect the Company's financial stability.
- Product Diversification: The Company enhanced its product offerings, particularly in microinsurance and short-term life products, to meet customer needs and increase premium volume.
- Monitoring and Reporting: Regular monitoring of premium performance was conducted by management, including analysis by product line, distribution channel, and branch performance. Variances and trends were reviewed to support timely decision-making.
- Persistency and Renewal Management: Efforts were made to improve policy renewal rates through customer engagement, awareness campaigns, and follow-up mechanisms, contributing to stable premium retention.

Expense Management

In 2025, Serendib implemented effective expense management strategies to maintain operational efficiency and profitability while supporting business growth.

Key areas of focus included:

- Cost Control and Budgeting: The Company established annual budgets and closely monitored actual expenses against planned targets. Departments were required to manage costs efficiently and justify variances.
- Operational Efficiency: Efforts were made to streamline processes, reduce manual work, and improve productivity through better coordination between departments and the use of digital tools.
- Expense Categorization and Monitoring

Expenses were categorized into key areas such as:

- Acquisition costs (commissions and sales incentives)
- Administrative expenses
- Staff costs
- IT and operational costs

Regular reports were prepared to track expense ratios and identify areas for improvement.

- Expense Ratio Management: The Company closely monitored its expense ratio relative to premium income to ensure financial sustainability. Measures were taken to optimize costs without compromising service quality.
- Fraud Prevention and Control: Internal controls were strengthened to prevent misuse of funds and ensure all expenses were properly authorized and documented.
- Continuous Improvement: Management encouraged cost-awareness across the organization and promoted efficient resource utilization.

As a result, Serendib was able to maintain a reasonable expense structure in 2025, supporting profitability while delivering high-quality services to customers.

Claims Handling Management

Claims handling is a critical priority for Serendib, as the Company is fundamentally service-oriented. Serendib is committed to delivering timely, fair, and efficient claims processing as part of its post-sales service, supported by strong coordination, responsiveness, and high-quality customer care.

To achieve this, Serendib has established a structured and effective claims management system designed to ensure proper monitoring and control of all insurance claim activities. This system aims to minimize the risk of fraud, enhance transparency, and ensure that every claim is reviewed, assessed, and processed within an appropriate timeframe in accordance with internal policies and regulatory requirements.

Furthermore, Serendib adopts a customer-centric approach by working closely with policyholders, intermediaries, and business partners throughout the claims process. This includes clear communication, prompt handling of claims, and professional management of customer complaints.

In addition, the Company places strong emphasis on:

- Accuracy and fairness in claim assessment
- Timeliness in processing and settlement
- Fraud prevention and detection mechanisms
- Continuous improvement of claims procedures and service quality

Through these efforts, Serendib aims to enhance customer satisfaction, strengthen trust, and maintain its reputation as a reliable and responsible insurance provider.

5. Risk Management

A. Strategic Risk

i. Update Result Q4 2025

➢ Business as a Whole

Description	Actual results						Actual YTD 2025 Vs Plan 2025			Actual Q4 2025 Vs Plan Q12026		
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Total	%	Annual Plan 2025	Variance	%Achieve	Plan Q1 2026	Variance Q4 25 Vs Q1 26	% Achieve
# Captive	92,534	88,557	116,791	97,793	395,675	99.0%	361,897	33,778	109.3%	101,340	(3,547)	96.5%
# Non-Captive	831	774	1,944	640	4,189	1.0%	13,476	(9,287)	31.1%	10,064	(9,424)	6.4%
Total NOP	**93,365**	**89,331**	**118,735**	**98,433**	**399,864**	**100%**	**375,373**	**24,491**	**106.5%**	**111,404**	**(12,971)**	**88.4%**
Captive($)	1,885,277	1,942,704	2,680,382	2,173,232	8,681,596	96.6%	7,675,431	1,006,165	113.1%	2,274,306	(101,074)	95.6%
Non-Captive($)	81,310	66,018	80,612	77,691	305,632	3.4%	500,000	(194,368)	61.1%	184,989	(107,298)	42.0%
Total GWP ($)	**1,966,588**	**2,008,722**	**2,760,995**	**2,250,923**	**8,987,228**	**100%**	**8,175,431**	**811,797**	**109.9%**	**2,459,295**	**(208,372)**	**91.5%**

➢ Captive Biz

Captive	Actual results						Actual YTD 2025 Vs Plan 2025			Actual Q4 2025 Vs Plan Q12026		
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Total	%	Annual Plan 2025	Variance	%Achieve	Plan Q1 2026	Variance Q4 25 Vs Q1 26	% Achieve
# New Biz	63,480	51,813	83,143	64,762	263,198	66.5%	293,450	(30,252)	89.7%	60,804	3,958	106.5%
# Renewal	29,054	36,744	33,648	33,031	132,477	33.5%	68,447	64,030	193.5%	40,536	(7,505)	81.5%
Total NOP	**92,534**	**88,557**	**116,791**	**97,793**	**395,675**	**100%**	**361,897**	**33,778**	**109.3%**	**101,340**	**(3,547)**	**96.5%**
New Biz($)	1,391,609	1,292,004	2,075,661	1,557,311	6,316,586	72.8%	4,952,093	1,364,493	127.6%	1,364,584	192,727	114.1%
Renewal($)	493,668	650,699	604,722	615,921	2,365,010	27.2%	2,723,338	(358,328)	86.8%	909,722	(293,801)	67.7%
Total GWP ($)	**1,885,277**	**1,942,704**	**2,680,382**	**2,173,232**	**8,681,596**	**100%**	**7,675,431**	**1,006,165**	**113.1%**	**2,274,306**	**(101,074)**	**95.6%**

➢ Non-Captive Biz

Non-Captive	Actual results						Actual YTD 2025 Vs Plan 2025			Actual Q4 2025 Vs Plan Q12026		
	Q1 2025	Q2 2025	Q2 2025	Q4 2025	Total	%	Annual Plan 2025	Variance	%Achieve	Plan Q1 2026	Variance Q4 25 Vs Q1 26	% Achieve
# New Biz	831	774	1,944	640	4,189	100.0%	11,622	(7,433)	36.0%	8,051	(7,411)	7.9%
# Renewal	-	-	-	-	-	0.0%	1,854	(1,854)	0.0%	2,013	(2,013)	0.0%
Total NOP	**831**	**774**	**1,944**	**640**	**4,189**	**100%**	**13,476**	**(9,287)**	**31.1%**	**10,064**	**(9,424)**	**6.4%**
New Biz($)	81,310	66,018	80,612	77,691	305,632	100.0%	404,384	(98,752)	75.6%	103,604	(25,913)	75.0%
Renewal($)	-	-	-	-	-	0.0%	95,616	(95,616)	0.0%	25,901	(25,901)	0.0%
Total GWP ($)	**81,310**	**66,018**	**80,612**	**77,691**	**305,632**	**100%**	**500,000**	**(194,368)**	**61.1%**	**129,505**	**(51,813)**	**60.0%**

The table illustrates the actual results for the number of policies (NOP) and Gross Written Premium (GWP), categorized into captive and non-captive business. The annual GWP plan allocates approximately 93.9% to captive business and only 6.1% to non-captive, indicating a high concentration risk and limited diversification for SMI.

As of December 2025, the actual GWP achievement for non-captive business is only 61.1% of the annual plan, significantly below target. Management should review non-captive performance and develop strategies to improve this segment.

Captive business results are on track compared to the year-to-date (YTD) plan for 2025. However, relying solely on captive business poses sustainability risks. Non-captive business should become a core revenue driver for long-term stability.

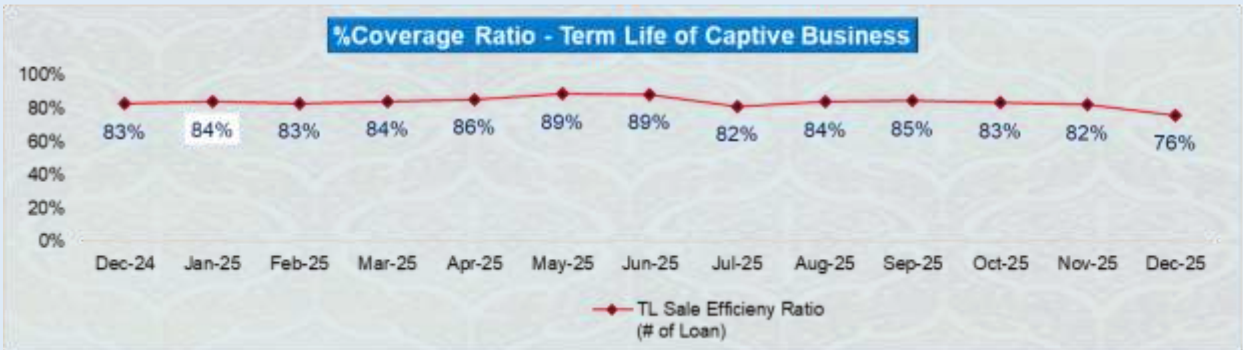
When comparing Q4 2025's actual performance against the Q1 2026 plan, the targets for this quarter are mostly like to be met. Despite this, the imbalance between captive and non-captive contributions remains a concern that requires strategic attention.

ii. Partnership management and direct cost

N	Partner Name	Type of Sale	% of share	Gross Written Premium (GWP) (A)	Claim Incurred	Direct Commission Cost	Direct Admin/Operational Cost	Total Direct Cost (USD) B	Direct Cost-to-Income Ratio B/A
II. Non-Captive Biz						-			
1	121 SHOPPE CO.,LTD	Group Policies	78.86%	241,027	96,000	-	15,872	**111,872**	**46%**
2	Camma Microfinance Limited	Invdidual Policies	10.40%	31,800	-	-	2,715	**2,715**	**9%**
3	PUNLEU SNAM NHOR NHEM FINANCE PLC	Group Policies	4.04%	12,341	16,951	-	1,009	**17,960**	**146%**
4	PHANITDA FINANCE PLC	Group Policies	1.85%	5,660	3,991	-	430	**4,421**	**78%**
5	SENHAN CHAMREOUNPHAL AGRICULTURAL COOPE	Group Policies	2.84%	8,692	12,990		662	**13,652**	**157%**
6	K.K.C.M FINANCE PLC	Group Policies	0.74%	2,251	499	-	291	**790**	**35%**
7	SKY LIGHT FINANCE PLC	Group Policies	0.52%	1,601	5,000		88	**5,088**	**318%**
8	C.K.L.S FINANCE PLC	Group Policies	0.41%	1,245	3,500	-	132	**3,632**	**292%**
9	MB BANK (CAMBODIA) PLC	Group Policies	0.08%	252	-	-	14	**14**	**6%**
10	HAPPINESS SOUP AND RESTAURANT	Group Policies	0.07%	218	-	-	12	**12**	**6%**
11	CORICH MICROFINANCE PLC.	Group Policies	0.05%	155	-	-	178	**178**	**115%**
12	JIN SAN FEI FU (CAMBODIA) LOGISTICS CO., LTD	Group Policies	0.05%	151	-	-	8	**8**	**5%**
13	HOME CARE SCHOOL	Group Policies	0.03%	84	-	-	5	**5**	**6%**
14	WE CLEAN	Group Policies	0.02%	56	-		14	**14**	**25%**
15	BANTEAY MEAS SOPHEAKMEUNGKUL AGRICULTUR	Group Policies	0.01%	45	-	-	37	**37**	**82%**
16	DAIKOU FINANCE PLC	Group Policies	0.01%	31	-	-	2	**2**	**6%**
17	PREAKHAN APHIVATH PLC	Group Policies	0.01%	22	-	-	3	**3**	**14%**
	Total		**100.00%**	**305,631**	**138,930**	**-**	**21,472**	**160,402**	**52%**

- The non-captive performance is relied on the sale from 121 Shoppes which is about 80% of total GWP which also included the existing insured person who renewed from previous year sale.
- Most of the partners are Rural Credit Institutions (RCI) with low sales efficiency that need strengthening.
- There were no non-captive reports regarding % renewal success rate and % sale efficiency. Thus, the report templates should be developed and provided along with the agreement to our partners.
- The GWP of Non-Captive per reports and policies are not consistent. There are always small variance, about few USD every month. As of the 31 December, the variance is USD 19.

iii. Coverage Ratio – Captive



Management has established a coverage ratio for the captive business. The LOLC banca team has set branch-level targets for this ratio and monitors them regularly. However, SMI has limited influence over the captive business, making it difficult for the SMI management team to fully understand sales performance and the challenges faced by partners. To align growth, SMI management needs to be more actively involved in the captive business and ensure that SMI's performance follows the same growth trend as its partners.

To achieve this, SMI should obtain data from CMA, CBC, or partner with MFIs to analyze the coverage ratio. According to CBC reports, MFIs have increased their GLP and account numbers, so SMI should grow its business in parallel with this expansion.

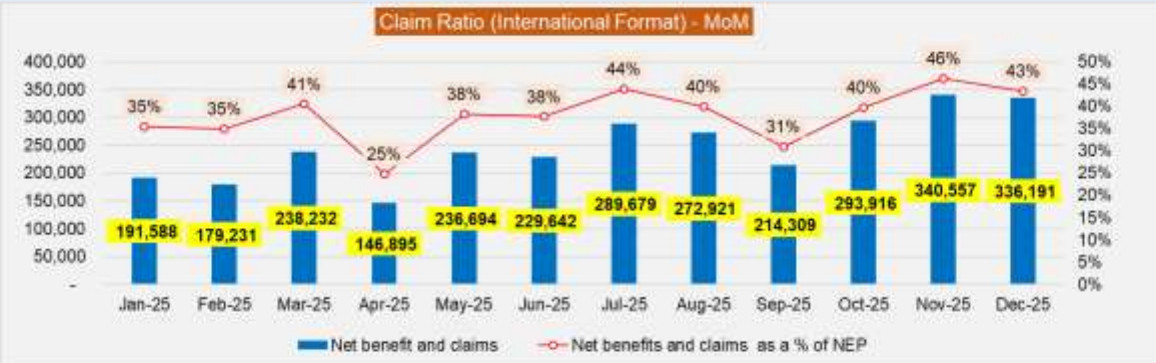
B. Business Risk – Renewal Rate

The renewal rate has decreased below 80% in the last 7 months in 2025. The management need to work closely with partners to improve the renewal rate. Moreover, Management needs to keep monitoring on the renewal rate and identifying challenges facing for the remaining unrenewable policies so that proper strategies can be implemented to increase the premium to the company.

C. Claim Ratio

i. Claim Ratio

1. Month to Month Claim Ratio (Int.)

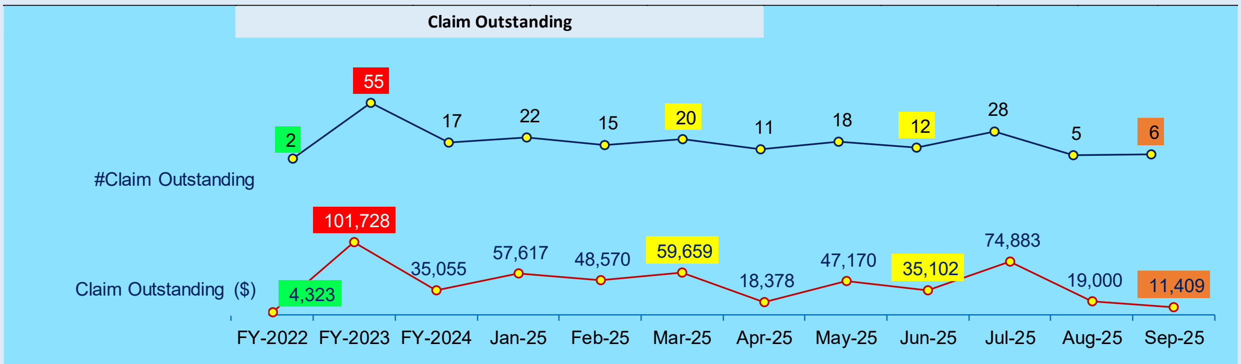


2. Year to Year Claim Ratio (Int.)

As of December 2025, the claim ratio is 38.4%, which is higher than both the threshold and the annual plan of 35%. This indicates that the claims made **in 2025** were a larger percentage of the premiums earned than planned. The amount of $ 3 M in claims suggests a significant payout relative to the premiums earned. With the above data this can lead to :

- **Financial Impact:** The higher claim ratio could impact profitability, as more funds are being used to cover claims than anticipated.
- **Operational Adjustments:** It might be necessary to review the causes of the higher claims. In addition, Management should keep monitoring the effectiveness of existing pre-selection questionnaire and provide training to sale agents regarding to the questionnaire. Training financial service advisors (bank staff) on pre-selection questionnaires and pre-underwriting should be in placed to make sure that there is no loophole on the pre-existing health conditions of customers that lead to a claim request.

ii. Claim Outstanding



Claim Outstanding reported to the IRC was counted from Received Completed Document Date. As of December 2025, there is no claim outstanding as per report from Operation.

It is noted that there is an improvement in 2025 regarding the outstanding claim's payout which has been fully settled within the next following month from January 2025 onwards.

D. Legal and Regulatory Risk

N	Prakas	Descriptions	31-Dec-25	Limit	Compliance	Note
1	Article 4	**Solvency Ratio (Solvency margin= Net Assets/Solvency requirement)**	132.40%	≥ 120%	Yes	
		Net Asset (Total Assets - Some Assets)	$ 2,974,883			
		Solvency requirement (25% of GWP)	$ 2,246,807			
2	Article 14	**Min Capital (Min Capital Requirement or Min Share Capital)**				
		Registered Capital (Share capital)	$ 2,999,900	$ 500,000	Yes	
3	Article 15	**Min Solvency Requirements in IRC Account (10% of the min share capital)**				Statutory deposit (Capital reserve requirement by NBC, deposited KHR 200M)
		10% of Min Share Capital ($500,000) = $50,000	$ 50,000	$ 50,000	Yes	
		Min Solvency Requirements in local bank (50% of the min share capital)				
		50% of Min Share Capital ($500,000) = $250,000	$ 2,575,000	$ 250,000	Yes	Refer to the calculation of solvency reuiredment
		, but less than 30% in one commercial bank	4 Banks	≥ 04 Banks	Yes	
		Min Solvency Requirements for operation (40% of the min share capital)				
		40% of Min Share Capital ($500,000) = $200,000	>=$ 1,199,960	$ 200,000	Yes	Min share capital in cash, real estate, property and equipment with the prior approval from IRC.
4	Article 16	**Net Equity (Total Shareholders' Funds)**				
		Net equity >= Min capital requirement	$ 4,704,204	$ 500,000	Yes	Include Capital reserve of US$855,626 from LOLC Cambodia

Compliance Note:	
Article 4	A. The solvency margin of the insurance companies is determined by the comparison between Net Assets and solvency requirement (Solvency margin= Net Assets/Solvency requirement. The Insurance Companies shall maintain the Solvency margin not less than 120% of the Solvency Requirement during the business operations. B. In case the Quarterly or Annually Solvency Margin is less than 120% but greater or equal to 100%, the insurance companies shall prepare the Plan for Rehabilitation Solvency with the approval from the Board of Director of the Company and shall request for approval from IRC within 30 (thirty) days after the date of the quarterly or annual report. C. In case the Quarterly or Annually Solvency Margin is less than 100%, the Insurance companies shall fulfill the requirement of solvency immediately and be subject to disciplinary actions. - Stop selling new policy - Stop granting new business activity or any transactions. - Stop any activities of Insurer - Restriction on Company assets' disposal - Transfer Company's policy contracts which have not reached the maturity date in part or whole - Cease the function of the CEO - Appointing interim CEO to restore the company - Revoke Company's business license and liquidate the company

SMI has received the approval of the share transfer (step I) from IRC on the 2nd of January 2026.

E. Risk of IT System Failures

We noticed that there were some systems errors logged or reported by branches in telegram group within Q4-2025. SMI Captive staff has recorded those issues in the Excel and those issues were resolved.

There is no DR plan or alternative solution provided as of Q4 during the system downtime either from LOLC parnter or Surecore itself. SMI should develop the acceptable recovery period and closely monitor the system issue to avoid lossing business from this and increasing the partner's client's compliant.

F. Operational Risk

- **Complaint management**

No	Indicator	Year 2025
1	# Complaint	-

- To address complaints from customers and branch staff, SMI has implemented a mechanism through hotline call and a dedicated Telegram group, enabling branch staff to escalate customer complaint directly. While branch staff have been informed and are aware of this escalation channel through follow-up calls, no complaints have been raised through this group to date.
- We should consider another proper mechanism by which staff and customers can disclose their complaints confidentially and without fear related to insurance products, insurance sale, claim process, insurance system, insurance system, insurance system, etc.

- Management has implemented the complaint procedures. However, the procedure is not implementable yet, which should be reviewed and revised including mechanism, reporting templates etc.

- **Staffing Plan**

Position	Staffing Plan Year 2025	Actual	Variance
HO Staff	30	26	(4)
Branch Staff	-	-	-
Total	**30**	**26**	**(4)**

The delay of staff recruitment can lead to:

- **Operational Inefficiencies**: This can result in longer waiting times for customers and decreased satisfaction
- **Increased Workload for Existing Employees**: Current employees may become overburdened, leading to burnout and decreased productivity. This can also increase turnover rates, exacerbating the staffing problem.
- **Higher Costs**: Serendib might need to rely on temporary staff or outsourcing, which can be more expensive than hiring permanent employees. Additionally, recruitment efforts may become more costly and time-consuming.

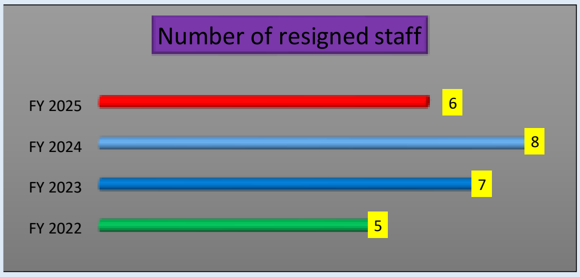
Serendib shall improve the company's employer brand and investing in training and development programs to attract and retain talent.

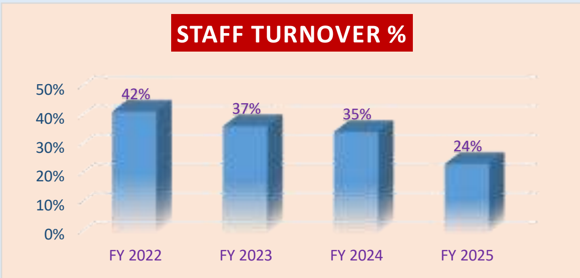
- **Fraud case**

No	Indicator	Year 2025
1	# Fraud case	-

- Preventing internal fraud risks proactively is essential for SMI, even if SMI hasn't experienced any fraud cases yet. The strategies to consider include establishing a strong internal control system, conducting regular risk assessments, promoting a strong ethical culture, implementing segregation of duties, providing employee training, monitoring and auditing.

- **Staff Turnover**





There is no benchmark from the industry for comparision purpose.

High staff turnover can affect SMI in many ways:

- Cost: the cost of recruiting, hiring, and training new staff can be significant.
- Productivity: hiring and training new staff can disrupt workflow and productivity.
- Quality: new employees can impact on the quality of work and customer service.
- Morale: high turnover can negatively impact morale among remaining employees.
- Reputation: a high staff turnover rate could damage SMI's reputation.
- Difficulty in Attracting Talent: Skilled professionals may be reluctant to join a company with a damaged reputation.

The recruitment unit needs to increase more efforts to find talented employees that understand clearly about SMI business models, rather than just recruit to meet the staffing plan.

G. Liquidity Risk

	Audited 2024 USD	Unaudited 2025 USD	Projected 2025 USD
Assets			
Non-Current Assets			
Statutory deposit	49,689	49,838	48,579
Investment Instruments	4,246,219	6,921,754	6,950,000
Property and equipment	40,764	25,684	101,655
Intangible assets	72,109	81,096	58,382
Right-of-use assets	98,739	75,953	78,442
Total Non-Current Assets	**4,507,521**	**7,154,325**	**7,237,058**
Current Assets			
Cash and bank equivalent	316,844	576,449	242,756
Premium receivables	608,798	723,213	681,286
Deferred Acquisition cost	1,049,057	1,439,788	1,349,116
Other receivables	165,527	211,930	375,249
Total Current Assets	**2,140,226**	**2,951,380**	**2,648,407**
Total Assets	**6,647,747**	**10,105,705**	**9,885,465**
Liabilities			
Insurance contract Liabilities	3,532,288	4,743,458	4,682,365
Other payable	254,745	544,488	233,681
Lease liability	101,524	81,467	84,743
Provision for income tax	29,448	32,087	34,064
Total Liabilities	**3,918,005**	**5,401,501**	**5,034,853**
Shareholders' funds			
Share capital	2,999,900	3,855,526	3,999,900
Share capital	2,999,900	2,999,900	3,999,900
Advanced capital	-	855,626	-
Retained earning	(270,158)	848,678	850,712
Total Shareholders' funds	**2,729,742**	**4,704,204**	**4,850,612**
Total Liabilities & Shareholders' funds	**6,647,747**	**10,105,705**	**9,885,465**
		-	-
Current Ratio (Current Asset/Current Liabilities)	**1.66**	**1.86**	**1.94**
Quick Ratio (Quick Asset/Current Liabilities)	**1.36**	**1.55**	**1.59**

1. **Standard Current Ratio (1.5 - 2.0):**
   - Indicating a healthy balance between current assets and current liabilities.
   - SMI can cover short-term obligations comfortably while still having some liquidity for operations.

   SMI has low liquidity risk as the liquid asset is high, however SMI management should start reviewing the investment options available to ensure the efficiency of funds could generate other incomes.

2. **High Current Ratio (Above 2.0):**
   - Indicating strong liquidity, SMI has more than enough current assets to cover its current liabilities.

- ➢ However, an excessively high ratio might also imply inefficiency in using assets or that the company is holding too much cash or inventory, which could be better invested.

3. **Low Current Ratio (Below 1.0):**
   - ➢ Indicates potential liquidity issues, as SMI may struggle to meet its short-term obligations.
   - ➢ This could be a red flag, suggesting that SMI might need to improve its cash flow management

H. Credit Risk - Investment Portfolio Risk

• Income from Investment

	Audited 2024	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Unaudited YTD 2025
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Gross written premium	6,206,818	575,090	655,845	735,653	650,759	615,403	742,559	896,688	945,454	918,853	877,654	746,590	626,679	8,987,228
Net claims incurred	(1,781,916)	(191,588)	(179,231)	(238,232)	(146,895)	(236,694)	(229,642)	(289,679)	(272,921)	(214,309)	(293,916)	(340,557)	(336,191)	(2,969,856)
Underwriting expense and net acquisition	(1,506,249)	(173,658)	(164,608)	(188,165)	(188,903)	(198,243)	(194,485)	(207,055)	(215,106)	(217,536)	(233,061)	(231,310)	(243,213)	(2,455,343)
Net profit / (loss) after tax	534,968	76,741	84,469	78,144	163,301	94,099	87,775	69,283	76,742	147,582	106,135	69,507	65,058	1,118,837

	Audited 2024	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Unaudited YTD 2025
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Investment Instruments (FD)	-	-												-
Investment Instruments	4,246,219	4,346,337	4,347,884	4,479,200	4,648,840	5,648,601	5,093,564	5,136,000	5,248,042	5,259,691	6,198,190	6,622,881	6,921,754	5,248,042
Investment														
Interest incomes	233,592	21,304	22,099	21,829	26,547	25,372	25,129	34,354	13,716	26,546	25,804	26,798	27,044	216,896
Other investment incomes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total investment income	**233,592**	**21,304**	**22,099**	**21,829**	**26,547**	**25,372**	**25,129**	**34,354**	**13,716**	**26,546**	**25,804**	**26,798**	**27,044**	**216,896**

Investment instruments as fixed deposit as of December 31, 2025, were USD 6.92 million which generated low interest income. FD has a low risk of liquidating but limited the return on investment. Management should consider the availability of other investments options which are in the markets.

N	Bank	Total Deposit Amount	Weighted Int Rate %	Annual Net Interest US$	*FD per Bank	Compliance (<30%)		FD Rate (Q1-2025)		FD Rate (Q2-2025)		FD Rate (Q3-2025)		FD Rate (Q4-2025)
1	Sathapana Bank	126,200	5.88%	6,977	1.82%	Yes	↑	5.99%	→	5.99%	↓	5.96%	↓	5.88%
2	FTB Bank	240,000	3.81%	8,601	3.47%	Yes	↓	4.27%	↓	4.25%	→	4.25%	↓	3.81%
3	ABA Bank	70,000	3.00%	1,974	1.01%	Yes	↓	3.00%	→	3.00%	→	3.00%	→	3.00%
4	Hong Leong Bank	1,927,514	4.23%	76,630	27.85%	Yes	→	6.00%	↓	5.52%	↓	4.14%	↓	4.23%
5	ACLEDA Bank	1,312,136	3.81%	47,006	18.96%	Yes		N/A		N/A		3.96%		3.81%
6	DGB Bank	89,708	6.00%	5,060	1.30%	Yes	↓	6.97%	↓	6.71%	↓	6.00%	↓	6.00%
7	MB Cambodia	100,000	5.75%	5,405	1.44%	Yes	↓	5.97%	↓	5.97%	↓	5.94%	↓	5.75%
8	CIMB Bank	1,223,866	4.01%	46,175	17.68%	Yes		N/A		N/A		4.18%		4.01%
9	Chip Mong Bank	1,832,330	5.07%	87,352	26.47%	Yes		5.32%	→	5.32%	↓	5.23%	↓	5.07%
	Total	**6,921,754**	**4.38%**	**285,179**	**100.00%**	**Yes**	↓	**6.05%**	↓	**5.69%**	↓	**4.75%**	↓	**4.38%**

The weighted Int. Rate in Q4-2025 was 4.38%, which slightly decreased if compared to Q3-2025 (4.75%). To get higher weighted interest rates, we need to increase *FD per Bank or seek another new bank which provides higher interest rates. However, management should also monitor the bank's information and reputation before placing FD.

- **Combined Ratio Analysis**

		FY-2024	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	FY-2025
Group	**Format**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
	Indicators														
1	Gross Written Premium (GWP)	6,206,818	575,090	655,845	735,653	650,759	615,403	742,559	896,688	945,454	918,853	877,654	746,590	626,679	**8,987,228**
2	Net Written Premium (NWP)	6,206,818	575,090	655,845	735,653	650,759	615,403	742,559	896,688	945,454	918,853	877,654	746,590	626,679	**8,987,228**
3	Net Earned Premium (NEP)	4,665,810	540,441	512,837	587,318	592,563	617,351	608,789	658,305	683,455	690,930	739,672	734,432	773,344	**7,739,436**
4	**Gross Claims**	**1,781,916**	**191,588**	**179,231**	**238,232**	**146,895**	**236,694**	**229,642**	**289,679**	**272,921**	**214,309**	**293,916**	**340,557**	**336,191**	**2,969,856**
4.1	Claims Paid	1,729,023	169,026	188,277	227,062	188,258	207,902	240,763	249,899	304,921	221,903	247,716	353,485	379,435	**2,978,649**
4.2	Claims Paid - Exgratia	29,551	-	-	-	-	-	945	-	23,883	-	3,000	-	-	**27,829**
4.3	Changes in Reserve	35,055	22,562	(9,046)	11,170	(41,363)	28,791	(12,067)	39,781	(55,883)	(7,594)	43,200	(12,928)	(43,244)	**(36,622)**
5	**Net benefit and claims (=4)**	**1,781,916**	**191,588**	**179,231**	**238,232**	**146,895**	**236,694**	**229,642**	**289,679**	**272,921**	**214,309**	**293,916**	**340,557**	**336,191**	**2,969,856**
6	Gross claims as a % of GWP	29%	33%	27%	32%	23%	38%	31%	32%	29%	23%	33%	46%	54%	**33%**
7	Gross claims paid as a % of GWP	28%	29%	29%	31%	29%	34%	33%	28%	35%	24%	29%	47%	61%	33.45%
8	Claims Paid - Exgratia as a % of GWP	0%	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	**0%**
9	Net benefits and claims as a % of NEP (Int)	38%	35%	35%	41%	25%	38%	38%	44%	40%	31%	40%	46%	43%	**38%**
10	**Expense Ratio (Excluded Claims)**														
10.1	Expenses	2,607,115	294,027	273,788	294,833	309,393	311,544	316,559	334,935	347,925	355,365	365,738	354,897	399,241	**3,958,245**
10.2	Expenses as a % NEP	56%	54%	53%	50%	52%	50%	52%	51%	51%	51%	49%	48%	52%	**51%**
10.3	Income tax (5% of GWP)	312,206	28,760	32,794	36,805	32,614	30,807	37,118	44,887	47,277	45,959	43,916	37,386	32,087	**450,410**
14		94%	90%	88%	91%	77%	89%	90%	95%	91%	82%	89%	95%	95%	90%
11	**Combined Ratio (Total expenses excluded Tax to NEP as %)**	**87%**	**85%**	**82%**	**84%**	**71%**	**84%**	**84%**	**88%**	**84%**	**76%**	**83%**	**90%**	**91%**	**84%**

The combined ratio is used to assess the profitability of SMI.

An increase in the combined ratio related to either rising claims or increasing underwriting expenses (commission), lower premiums, etc.

Management should monitor the trend of combined ratio, set internal limitation (threshold) and determine its interpretation.

Interpretation:

1. **Standard combined ratio**: **95% - 100% (healthy operations)**
   - A combined ratio of 100% indicates that an insurer is breaking even on its underwriting operations (i.e., it is paying out exactly what it earns in premiums).
   - Ratios between 95% and 100% are generally considered healthy, indicating that the insurer is operating efficiently and retaining some profit for underwriting.
2. **High combined ratio**: **> 100% (underwriting loss)**
   - A combined ratio over 100% suggests that the insurer is paying out more in claims and expenses than it is earning in premiums, resulting in an underwriting loss.
3. **Low combined ratio**: **< 95% (underwriting profit)**
   - A combined ratio below 95% indicates that the insurer is operating efficiently and generating underwriting profit, which is favorable.
   - This suggests that the company is managing claims and expenses effectively relative to its earned premiums.

Compliance Report

a) Elements of Customer Due Diligent (CDD)

To combat money laundering, the management of SMI will administer and maintain this AML/CFT and CFP policy. Key elements of the AML/CFT and CFP policy include:

A system of AML/CFT and CFP to ensure ongoing compliance including:

- New client identification and customer due diligent procedures
- On-going monitoring of existing customers
- Cash transaction monitoring and reporting
- Daily coordination and monitoring of compliance by a designated person on AML/CFT and CFP.
- Training of AML/CFT and CFP.

SMI must conduct customer due diligence and obtain satisfactory evidence and properly establish in its records the identity and legal existence of persons applying to do business with them. Such evidence must be substantiated by reliable documents.

The customer due diligence should be conducted, when:

- Establishing business relationship with the customer
- SMI have any suspicion of money laundering or financing of terrorism or
- SMI have any doubts about the veracity or adequacy of previously obtained information.

The customer due diligence undertaken by SMI shall at least comprise the following:

- Identify the customer and verify the identity of the customer using reliable,
- independent source of documents;
- Determine if the customer conducting business is acting on behalf of another person or beneficial owner;
- Understanding the beneficial ownership and control structure of the customer.
- Obtain information on the purpose and intended nature of the nosiness relationship; and
- Conduct on-going due diligence and scrutiny, to ensure the information provided is updated and relevant and ensure that the transaction being conducted are consistent with SMI's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.

Unwillingness of the customer to provide the information requested and to cooperate with SMI's customer due diligence process may itself be a factor of suspicion.

When conduct CDD, suspicious the prospect relevant to money laundering or financing terrorism and believing that the continuation of CDD can cause the prospect to aware of suspicion, SMI can stop the CDD process and report the suspicious transaction to CAFIU.

SMI shall not commence business relation or perform transaction, or in the case of existing business relations with customers, it should terminate such business relations if the customer fails to comply with the customer due diligence requirements. Such situation warrants a suspicious transaction report to be submitted to the Financial Intelligence Unit.

b) Elements of Enhance Due Diligent (EDD)

High risk customers undertake enhance due diligence (EDD) to verify source of fund and source of wealth. In the policy, high risk clients are money exchanger, political expose person, NGO and Foundation, and other susceptible risks or transaction pattern which staff considered high risk.

When a Customer is identified as high-risk profile, frontline staff have to ask the customer for details information, particularly regarding business relationships and source of fund. In addition, for high-risk customer shall be approved by CEO before creating contract or operating transaction .

SMI does not create contract or operating transaction for shell company, anonymous account or fictitious name, correspondent bank, and private banking. Also, creating accounts for customer without face-to-face interview is prohibited.

Front line staff is to flag type of customer whether low risk, medium risk, or high risk. Staff is accessible to compliance officer in charge AML/CFT for consultation if the customer is susceptible to high risk. The lists of high and medium risk customers are regularly monitored.

c) Elements of Identifying Ultimate Beneficiary Owner

Beneficial owners or ultimate beneficial owner is defined as the ultimate individual in the controlling ownership interest of client and/or legal entity who transacts on behalf of the ultimate individual.

Where a customer is a legal entity, the beneficial owner is:

The natural person(s) who ultimately owns or controls ownership interest in legal person directly or indirectly ownership interest of at least 20% or more of the shares or voting rights.

If the ultimate beneficial owner cannot be identified, CEO or GM is considered as the beneficial owner.

SMI has the individual customers.

d) Elements of On-going Monitoring of Existing Clients

To monitor and track the existing account, the AML/ CFT dashboard is developed to monitor high and medium level information, containing the customer's nationality on the FAFT Gray List, customers who have been sued / are being prosecuted for money laundering or other criminal offenses, and customers who have been charged with tax evasion or on tax evasion tracking lists issued by the General Department of Taxation. Compliance Officer also monitors and tracks the top 10 biggest branch in terms of number of Policy and in term of premium amount. Compliance Officer works closely with the Business Department and all branches to track existing clients.

e) Cash Transaction Reports (CTR)

Compliance officer who is in charge of AML/CFT shall report CAFIU the cash transaction exceeding 40 million Riels (or US$ 10,000 or foreign currency equivalent).

Cash transaction report shall be provided to CAFIU within 14 days of the date of transaction and submitted as per CAFIU guideline and format on its website.

For 2025, SMI didn't have any cash transactions to report to CAFIU, as there is no cash transaction greater than or equal to 40 million Riels or US $ 10,000 or equivalent in any other currency.

f) Suspicious Transaction Report (STR)

If SMI suspects or has reasonable grounds to suspect that funds are proceeds of an offence, or are related to the financial of terrorism, SMI shall promptly, within 24 hours, report such suspicious to CAFIU. All staff are not allowed to disclose this suspicious transactions or report to any natural or legal persons other than CAFIU expect where so authorized by CAFIU (prohibition of tipping off).

All levels of the SMI management and staffs are encouraged to report all types of suspicious transactions. To effectively track down the suspected transactions engaged in the money laundering and financing of terrorism, designated/ relevant staff will do as follows:

-Understand or be aware of the nature of customer business and/or occupation

-The purpose of the customers' transaction

-Expected activities and nature of customers' transaction with the SMI

-Independent research and profiling

-Regularly monitor and promptly report unusual transactions.

Compliance Officer is responsible to receive all the suspicious transactions from the entire SMI.

-Compliance Officer will be obliged to independently submit the information of suspected transaction CAFIU within 24 hours after the reporting has been received and there is a reasonable ground of suspicious.

-The Compliance Officer if he/she determines transaction doesn't constitute reasonable ground to submit then he/she will document his/her opinion and file it.

For this2025, SMI didn't have any STR to CAFIU

6. Sustainability Management

The main objective of Serendib is to commit to integrating sustainability management into its core business operations in order to generate sustainable profits. In particular, this is achieved through microinsurance products, which can contribute to environmental protection, social responsibility, and effective governance in alignment with sustainability principles. This includes promoting ethical behavior, complying with legal obligations, and reducing the institution's environmental impact.

i. Sustainable Strategy of Serendib Microinsurance Plc.

Serendib Microinsurance Plc Sustainability Pillars		
Environment Serendib is committed to minimizing the environmental and climate impacts of our operations to support sustainable development goals	**Social** Serendib is committed to promoting inclusivity and to respecting shareholders, staff, customers, partners, and individuals throughout the community.	**Governance** Serendib is committed to conducting business with integrity, fairness, and compliance with all relevant laws, while maintaining high corporate governance standards
Sustainability Actions: ● Encourage all levels of employees to participate in activities that help reduce environmental impacts and climate change. ● Offer green financing to promote environmental protection and eco-friendly innovation	**Sustainability Actions:** ● Respect human rights, diversity and gender equality. ● Promote safety and hygiene in the workplace. ● Provide a fair workplace. ● Provide financial inclusion to clients. ● Promote financial education, environmental and social awareness. ● Provide internal and external training courses for staff enhancement. ● Adhere to the exclusion list and code of conduct and lend responsibly. ● Promote CSR and other social activities.	**Sustainability Actions:** ● with all relevant laws and standards. ● force zero tolerance with any form of corruption ● Integrate ESG factors into the business process. ● Adhere to data privacy and security standards. ● Practice transparency in both financial and sustainability practices.

ii. Key Sustainability Management Achievements

ESG Criteria	Selection	Annual KPIs (at end of period)	KPI Calculation/Measurement	2024 Achievements	2024 Targets	2025 Target
	Paper saved via activities	Reduce A4 paper usage per customer	Reduce A4 paper usage in the insurance sales process per customer	10	<= 12	<= 10
			Reduce A4 paper usage in the claims process per customer	18	<= 20	<= 18
SOCIAL	Job creation	Total number of Serendib employees and job creation generated by all Serendib partners (as of end period)	Number of Serendib employees	27	>= 20	>= 20
			Job creation generated by all Serendib partners	6,586	>= 5,000	>= 6,000
	Female clients	Percentage of female insurance buyers (as of end period)	Percentage of female insurance buyers	56%	>= 65%	>= 65%
	Provision of appropriate insurance products	Percentage of insurance buyers in rural areas	Percentage of insurance buyers in rural areas compared to the total number of Serendib customers.	94%	>= 80%	>= 80%
	Access to education	Provide insurance education and awareness to customers.	# of training course on insurance education and awareness provided to customers	N/A	N/A	>= 10
		Provide and refreshing training on insurance education and insurance sales processes for staff and partner agents	# of training and refreshing training course on insurance education and insurance sales processes for staff and partner agents	31	>=25	>= 30
		Number of internal and external training courses for st aff	# of Internal and external training courses for Serendib staff	38	>=30	>= 35
	Impact on communities	Contribute to communities	# of community events and other social activities (CSR)	4	N/A	>= 10
	Access to insurance	Percentage of new insurance customers	Percentage of new insurance customers	87%	>=80%	>= 85%
	Maintain stable living conditions	Number of customers who are able to resolve financial crises (loans) after receiving insurance claims.	Number of customers who are able to resolve financial crises (loans) after receiving insurance claims.	1,071	<=800	<=800
GOVERNANCE	Independent directors	Number of independent directors (as of end period)	# of independent directors	4	>= 2	>= 2

iii. Participated in UNITED NATIONS GLOBAL COMPACT (UNGC)

The United Nations Global Compact (UNGC) is one of the world's largest corporate sustainability initiatives, calling on businesses to align their strategies and operations with universal principles on human rights, labor, the environment, and anti-corruption, while also taking actions that advance societal goals.

The UNGC aims to accelerate and scale the positive impact of businesses globally by encouraging commitments to its Ten Principles and supporting the Sustainable Development Goals (SDGs), based on an accountable ecosystem that enables effective transformation.

Serendib Microinsurance Plc. has also joined the UNGC, demonstrating the company's commitment to sustainable development by advancing the SDGs and practicing responsible business conduct.

At the same time, Serendib Microinsurance Plc. strives to align its strategies and operations with the UNGC's universal principles, which focus on human rights, labor, the environment, and anti-corruption.

The Ten Principles of the UNGC include:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Serendib promotes the implementation of business ethics by focusing on transparency, integrity, and social responsibility in its relationships with customers, partners, and employees, in alignment with Principle 1.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Serendib conducts its business with human resource policies, anti-sexual harassment policies, a strict stance against workplace violence, and gender equality initiatives, demonstrating its commitment to preventing human rights violations. The company promotes a culture of integrity by providing training to employees on human rights principles and encouraging them to report concerns or issues, in alignment with Principle 2.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Serendib has employee representatives who are officially elected and recognized by the Ministry of Labour and Vocational Training, in alignment with Principle 3.

Principle 4: Businesses should eliminate all forms of forced and compulsory labor.

All employees are provided with formal employment contracts, and working conditions and compensation fully comply with labor laws and even exceed them in alignment with Principle 4.

Principle 5: Businesses should effectively abolish child labor.

Serendib complies with Cambodian labor law, which includes the effective abolition of child labor. All employees must be at least 18 years of age, in alignment with Principle 5.

Principle 6: Businesses should eliminate discrimination in respect of employment and occupation.

Serendib complies with Cambodian labor law, which includes the elimination of discrimination in employment and occupation. The company’s workforce is diverse at all levels. We employ men, women, persons with disabilities, indigenous people, and individuals from different religious backgrounds, in alignment with Principle 6.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Serendib has a sustainability management policy that emphasizes the assessment and understanding of environmental and social risks, and supports precautionary approaches to managing environmental risks, in alignment with Principle 7.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Serendib has implemented initiatives to promote environmental responsibility, such as encouraging employees to adopt monitoring mechanisms and reduce environmental impacts in their operations, as well as through community events and other activities, in alignment with Principle 8.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Serendib has an Information Technology (IT) strategy that promotes environmental protection and reduces the impacts caused by IT infrastructure. The company continues to contribute to best practices in energy efficiency and the reduction of IT-related waste, supporting shared sustainability goals in alignment with Principle 9.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Anti-corruption is embedded in the Code of Business Ethics, meaning that all forms of corruption are strictly prohibited, in alignment with Principle 10.

iv. Compliance with Customer Protection Principles

To ensure that Serendip's products and services do not cause harm or negative impacts to customers, the environment, and society, Serendip is committed to adhering to customer protection principles as follows:

1. Appropriate Product Design and Delivery
We are committed to developing insurance products that are aligned with the actual needs of customers. Product distribution is carried out with care to avoid negative impacts and to ensure that customers clearly understand the products they participate in.

2. Prevention of Customer Financial Risk

We implement service processes with careful assessment to ensure that customers have the capacity to meet their insurance premium obligations without causing financial difficulty. The company also has an internal control system to monitor and prevent customer-related risks.

3. Transparency

We provide key information related to products, terms and conditions, and pricing to customers in a clear, sufficient, and timely manner. Customers are able to fully understand the information before making a decision to use the services.

4. Responsible pricing

Pricing and terms are determined based on fairness and market competitiveness to ensure affordability for customers, while the company maintains financial and operational sustainability.

5. Fair and respectful treatment of clients

We are committed to providing services without discrimination against customers based on ethnicity, gender, religion, or other personal characteristics. All employees are trained to respect the rights and equality of every customer.

6. Customer Data Privacy

We strictly respect and protect customers' personal information. All data is used only with legal authorization or with the customer's explicit consent.

7. Complaint and resolution handling mechanism

We have an effective system in place to receive and address customer complaints and feedback. The company is committed to providing appropriate and timely solutions to ensure customer satisfaction.

8. Governance and Human Resources

The Board of Directors and management demonstrate a strong commitment to customer protection. The company utilizes Human Resource (HR) systems to ensure that employees adhere strictly to professional standards and customer protection principles.

v. Environmental and Social Risk Assessment and Awareness

All Serendib products undergo identification, assessment, and management of risks that may impact the environment and society in relation to insurance service provision. This ensures that the products are capable of sustainable development and promote social equity.

The environmental and social risk assessments for Serendip Protect and Serendip Care products indicate that the overall risks are at low to moderate levels and can be effectively managed through the measures currently implemented by the company.

These products not only have minimal negative environmental impact but also provide significant positive social benefits, such as contributing to customers' financial protection and enhancing household economic security.

Through continuously strengthening the use of digital systems, data protection, and equitable service delivery, the company is able to further reduce risks and ensure that its products remain sustainable and socially responsible in the long term.

vi. Customer Rights

All Serendib customers are clearly informed of their rights both before and after purchasing products and services, as outlined below:

- The right to know and fully understand service fees and all insurance terms and conditions before receiving the service.
- The right to raise complaints or ask questions to clarify various services provided by Serendib.
- The right to receive equal treatment, care, and respect without discrimination from Serendib staff.
- The right to have confidence that Serendib will maintain the confidentiality of their financial and personal information.

vii. Customer Complaint Handling

Customers may submit complaints, feedback, suggestions, or requests to Serendib through multiple channels, including complaint boxes, hotline numbers, email, website, social media platforms, and direct contact with staff at offices or customer service counters. In particular, customers can contact the company via phone at (+855) 88 9881 881 / 96 9881 881, or send an email to claim@serendib.com.kh, as well as through the website www.serendib.com.kh and official social media pages.Upon receiving a complaint, the company will take timely action to resolve it based on its type and level of priority. All cases are properly documented and systematically monitored to ensure efficient, transparent service and responsiveness to customer needs.

viii. Information Security and Data Privacy

Serendib is strongly committed to ensuring the security and confidentiality of customer information. Personal information and data collected from customers are managed and stored with strict controls, in accordance with data protection policies and relevant regulations.

The company implements technical and administrative security measures such as access control, data encryption, and regular system monitoring to prevent unauthorized access, data breaches, or data loss.

In addition, all employees are guided and trained on ethics and information confidentiality to ensure that customer data is used solely for service provision purposes. The company also strengthens its monitoring and response mechanisms to promptly address any potential security risks, ensuring trust and safeguarding customers' privacy rights effectively.

ix. Insurance Awareness and Other Social Activities

Insurance Awareness Outreach to Communities: In April 2025, Serendib collaborated with the Insurance Regulator of Cambodia (IRC) to organize a workshop on "Microinsurance Products" in Andong Svay Commune, Rolea B'ier District, Kampong Chhnang Province. The initiative aimed to raise public awareness and understanding of insurance among local communities.

Run for Our Future Event: A 5-kilometer fun run activity under the theme "Run for Our Future" was held at Samdech Kralahom Sar Kheng Park in Battambang Province on the morning of April 26, 2025. This fun run was organized by the Insurance Regulator of Cambodia (IRC) to raise funds for the Cambodian Red Cross branch in Battambang Province.

Cambodia Insurance Day 2025 Event: An annual event aimed at promoting awareness of insurance and its development in the country, as well as engaging with the public. The event serves to educate the public about various insurance products and showcase the benefits of insurance.

Claims Provided to Customers: In 2025, Serendib has continuously paid out numerous insurance claims to customers, making a significant contribution to society. These claim payments have helped ease financial burdens and protect the family stability of customers who have purchased insurance products from the company.

In particular, in cases of unforeseen events such as the loss of a family breadwinner or a family member due to death, or permanent disability, the company has processed claims in a timely manner to help affected families maintain their financial stability and sustain their daily living conditions.

Other Activities: These activities include providing sponsor ships or contributing to social initiatives such as making financial donations to support and encourage front line soldiers defending the Cambodia–Thailand border, assisting displaced communities affected by incursions, and donating blood to hospitals, among others.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of Serendib Microinsurance Plc. ("the Company") for the financial year ended 31 December 2025.

Principal activity

The principal activity of the Company is to provide micro-insurance services in Kingdom of Cambodia. There have been no significant changes in the nature of this activity during the financial year.

Results of operations

	US$	KHR'000
Profit for the financial year	1,112,857	4,463,666

Dividends

The Directors do not recommend the payment of any dividend for the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the current financial year.

Bad and doubtful debts

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Company.

Current assets

Before the statement of profit or loss and other comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realised.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

DIRECTORS' REPORT (continued)

Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

Items of an unusual nature

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year for which this report is made.

Share capital

The Company did not issue any shares during the current financial year.

No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

DIRECTORS' REPORT (continued)

Directors

The Directors who have held for office since the date of the last report are:

Mr. Brindley Chrishantha Gajanayake De Zylva
Mr. F. Kankanamalage Conrad Prasad Niroshan Dias
Mr. Indrajith Wijesiriwardana
Mr. Don Soshan Kamantha Amarasekera
Ms. Sarajika Sunjeevani Kotakadeniya
Mr. Sanakan Thamotharampillai
Ms. Nadika Prabashi Nayanabaduge Opatha (resigned on 17 July 2025)

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Directors has a substantial financial interest.

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

(a) adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;

(b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

(c) maintain adequate accounting records and an effective system of internal controls;

(d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and

(e) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

DIRECTORS' REPORT (continued)

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 8 to 28 have been drawn up in accordance with Cambodian International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors,

____
Mr. Brindley Chrishantha Gajanayake De Zylva
Chairman

Phnom Penh, Cambodia
Date: 25 March 2026

INDEPENDENT AUDITORS’ REPORT TO THE SHAREHOLDERS OF SERENDIB MICROINSURANCE PLC.
(Incorporated in Cambodia)
(Registration No: 00048691)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Serendib Microinsurance Plc. ("the Company"), which comprise statement of financial position as at 31 December 2025, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (Including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company 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 of the Company, our responsibility is to read the other information and, in doing so, consiller whether the other information is materially Inconsistent with the financial statements of the Company 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 the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SERENDIB MICROINSURANCE PLC.
(Incorporated in Cambodia)
(Registration No: 00048691) (continued)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards. The Directors are also responsible for such Internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are 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 the Directors either intend to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 CISAS 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 the financial statements.

As part of an audit in accordance with CISAS, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 the Directors.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SERENDIB MICROINSURANCE PLC.
(Incorporated in Cambodia)
(Registration No: 00048691) (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CISAS, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- 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 auditors' report to the related disclosures in the financial statements of the Company 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 auditors' 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

Other Matter

This report is made solely to the shareholders of the Company, as a body. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company for the financial year ended 31 December 2024 was audited by another firm of Certified Public Accountants, whose report dated 24 March 2025 expressed an unqualified opinion on those statements.

BDO

BDO (Cambodia) Limited

Phnom Penh, Cambodia
Date: 25 March 2026

SERENDIB MICROINSURANCE PLC.
(Incorporated in Cambodia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025		2024	
		US$	KHR'000	US$	KHR'000
ASSETS					
Statutory deposit	5	49,838	200,000	49,689	199,998
Property and equipment	6	25,684	103,070	40,764	164,075
Intangible assets	7	81,096	325,438	72,109	290,239
Right-of-use assets	8	75,953	304,800	98,739	397,424
Deferred acquisition cost	9	1,439,788	5,777,870	1,049,057	4,222,454
Insurance and other receivables	10	929,164	3,728,737	774,325	3,116,658
Term deposits	11	6,921,754	27,776,999	4,246,219	17,091,031
Cash and cash equivalents	12	576,449	2,313,290	316,844	1,275,297
TOTAL ASSETS		10,099,726	40,530,204	6,647,746	26,757,176
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	2,999,900	11,999,600	2,999,900	11,999,600
Capital reserve	14	855,626	3,422,504	-	-
Retained earnings/(Accumulated losses)		842,700	3,350,738	(270,157)	(1,112,928)
Currency translation differences		-	81,139	-	100,544
TOTAL EQUITY		4,698,226	18,853,981	2,729,743	10,987,216
LIABILITIES					
Insurance contract liabilities	15	4,743,458	19,035,497	3,532,288	14,217,459
Lease liabilities	8	81,467	326,927	101,524	408,634
Other payables	16	544,488	2,185,034	254,743	1,025,339
Current tax liability		32,087	128,765	29,448	118,528
TOTAL LIABILITIES		5,401,500	21,676,223	3,918,003	15,769,960
TOTAL EQUITY AND LIABILITIES		10,099,726	40,530,204	6,647,746	26,757,176

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Gross premiums	17	8,987,228	36,047,770	6,206,818	25,267,956
Change in unearned premium reserve	15(a)	(1,247,791)	(5,004,892)	(1,541,008)	(6,273,444)
Net insurance premium income		7,739,437	31,042,878	4,665,810	18,994,512
Net benefit/ claim paid		36,622	146,890	(23,343)	(95,029)
Claims and benefit incurred		(3,006,477)	(12,058,980)	(1,758,574)	(7,159,155)
Net acquisition cost		(2,455,343)	(9,848,381)	(1,506,249)	(6,131,940)
Net claims and underwriting expense		(5,425,198)	(21,760,471)	(3,288,166)	(13,386,124)
Total revenue from insurance business		2,314,239	9,282,407	1,377,644	5,608,388
Other income	18	301,520	1,209,398	258,189	1,051,087
General and administrative expenses	19	(1,044,169)	(4,188,161)	(782,080)	(3,183,848)
Interest expense - lease	8(c)	(8,323)	(33,384)	(6,579)	(26,783)
Profit before tax		1,563,267	6,270,260	847,174	3,448,844
Tax expense	20	(450,410)	(1,806,594)	(312,206)	(1,270,991)
Profit for the financial year		1,112,857	4,463,666	534,968	2,177,853
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
- foreign currency translations		-	(19,405)	-	(156,293)
Total comprehensive profit for the financial year		1,112,857	4,444,261	534,968	2,021,560

SERENDIB MICROINSURANCE PLC.
(Incorporated in Cambodia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL ENDED 31 DECEMBER 2025

	Note	Share capital		Capital reserve		Retained earnings/ (Accumulated losses)		Currency translation difference		Total	
		US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000	US$	KHR'000
Balance as at 1 January 2024		**1,000,000**	**4,000,000**	**1,999,900**	**7,999,600**	**(805,125)**	**(3,290,781)**	**-**	**256,837**	**2,194,775**	**8,965,656**
Profit for the financial year		-	-	-	-	534,968	2,177,853	-	-	534,968	2,177,853
Other comprehensive income, net of tax		-	-	-	-	-	-	-	(156,293)	-	(156,293)
Total comprehensive income		-	-	-	-	534,968	2,177,853	-	(156,293)	534,968	2,021,560
Transactions with owners											
Transfer to share capital, representing total transaction with owners	13	1,999,900	7,999,600	(1,999,900)	(7,999,600)	-	-	-	-	-	-
Balance as at 31 December 2024		**2,999,900**	**11,999,600**	**-**	**-**	**(270,157)**	**(1,112,928)**	**-**	**100,544**	**2,729,743**	**10,987,216**
Profit for the financial year		-	-	-	-	1,112,857	4,463,666	-	-	1,112,857	4,463,666
Other comprehensive income, net of tax		-	-	-	-	-	-	-	(19,405)	-	(19,405)
Total comprehensive income		-	-	-	-	1,112,857	4,463,666	-	(19,405)	1,112,857	4,444,261
Transactions with owners											
Capital injection, representing total transaction with owners	14	-	-	855,626	3,422,504	-	-	-	-	855,626	3,422,504
Balance as at 31 December 2025		**2,999,900**	**11,999,600**	**855,626**	**3,422,504**	**842,700**	**3,350,738**	**-**	**81,139**	**4,698,226**	**18,853,981**

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025		2024	
		US$	**KHR'000**	**US$**	**KHR'000**
Cash flows from operating activities					
Profit before tax		1,563,267	6,270,260	847,174	3,448,844
Adjustments for:					
Amortisation of intangible assets	7	25,410	101,920	18,546	75,501
Depreciation of property and equipment	6	19,602	78,622	21,470	87,404
Depreciation of right-of-use assets	8	22,786	91,394	18,545	75,497
Interest expense	8(c)	8,323	33,384	6,579	26,783
Interest income	18	(290,563)	(1,165,450)	(233,593)	(950,957)
Gain on disposal of property and equipment	6	-	-	(440)	(1,791)
Operating profit before working capital changes		1,348,825	5,410,130	678,281	2,761,281
Changes in working capital:					
Insurance and other receivables		(473,092)	(1,897,574)	(883,556)	(3,596,957)
Insurance contract liabilities		1,211,170	4,858,003	1,564,350	6,368,469
Other payables		289,745	1,162,168	118,591	482,784
Cash generated from operations		2,376,648	9,532,727	1,477,666	6,015,577
Income tax paid		(447,771)	(1,796,009)	(294,012)	(1,196,923)
Net cash from operating activities		1,928,877	7,736,718	1,183,654	4,818,654
Cash flows from investing activities					
Purchase of property and equipment	6	(4,522)	(18,138)	(15,719)	(63,992)
Proceeds from disposals of property and equipment	6	-	-	440	1,791
Purchase of intangible assets	7	(34,397)	(137,966)	(29,228)	(118,987)
Placement of fixed deposits with original maturity of more than three months	11	(2,675,684)	(10,732,169)	(1,043,222)	(4,246,957)
Interest received		218,085	874,740	184,773	752,212
Net cash used in investing activities		(2,496,518)	(10,013,533)	(902,956)	(3,675,933)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)

	Note	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Cash flows from financing activities					
Proceeds from capital reserve	14	855,626	3,431,916	-	-
Payments of lease liabilities	8	(28,380)	(113,832)	(22,440)	(91,353)
Net cash from/(used in) financing activities		827,246	3,318,084	(22,440)	(91,353)
Net increase in cash and cash equivalents		259,605	1,041,268	258,258	1,051,368
Cash and cash equivalents at beginning of financial year		316,844	1,275,297	58,586	239,324
Currency translation difference		-	(3,275)	-	(15,395)
Cash and cash equivalents at end of financial year	12	576,449	2,313,290	316,844	1,275,297

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 8) US$
Balance at 1.1.2024	3,455
Cash flows	(22,440)
Non-cash flows:	
- Unwinding of interest	6,579
- Additions	113,930
Balance at 31.12.2024	101,524
Cash flows	(28,380)
Non-cash flows:	
- Unwinding of interest	8,323
Balance at 31.12.2025	**81,467**
(KHR'000 equivalent)	*326,927*

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

1. CORPORATE INFORMATION

Serendib Microinsurance Plc., (the "Company") was incorporated as a public limited company in Cambodia under the Registration No. 00048691 on 24 October 2019.

On 22 December 2021, the Company received a permanent micro insurance license from the Insurance Regulation of Cambodia ("IRC").

The registered office of the Company is at 3rd Floor, Building No. 48, Street 289, Phum 16, Sangkat Boeung Kak 2, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

The immediate and ultimate holding companies are LOLC Asia Private Limited and LOLC Holding Plc., both of which are incorporated in Sri Lanka.

The financial statements were authorised for issue by the Board of Directors on 25 March 2026.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is providing micro-insurance services in Cambodia. There have been no significant changes in the nature of this activity during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") as issued by the Accounting and Auditing Regulator ("ACAR") of the Ministry of Economy and Finance.

On 23 December 2024, ACAR issued an announcement to delay the implementation of CIFRS 17 *Insurance Contracts* and CIFRS 9 *Financial Instruments* in relation to insurance contracts for 4 years until 1 January 2028, with earlier application is permitted. The Company elects to adopt these standards upon the effective date as announced by ACAR.

4. BASIS OF ACCOUNTING

The accounting policies adopted are consistent with those of the previous financial year except for the effects, if any, of the adoption of new CIFRSs during the financial year. The new CIFRSs adopted during the financial year are disclosed in Note 24 to the financial statements.

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in United States Dollar ("US$"), which is also the Company's functional currency. Additional disclosures are also made in Khmer Riel ("KHR") to meet the requirements of the Law on Accounting and Auditing. Translations to KHR are presented in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements as at and for the financial year ended 31 December 2025 of the Company using the following closing and average rates of exchange:

		Closing rate	Average rate
31 December 2025	US$1 =	KHR4,013	KHR4,011
31 December 2024	US$1 =	KHR4,025	KHR4,071

These KHR amounts represent additional supplementary information and should not be construed as representations that the US$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

5. STATUTORY DEPOSIT

	2025		2024	
	US$	KHR'000	US$	KHR'000
Statutory Deposit	49,838	200,000	49,689	199,998

(a) Statutory deposit is classified as financial asset measured at amortised cost.

(b) Statutory deposit, which is stated at cost, is maintained with the National Bank of Cambodia in compliance with Article 15 of Prakas 061 on Solvency Margin Requirement for Insurance Company dated 14 December 2022 issued by Non-Banking Financial Services Authority under Ministry of Economic and Finance.

(c) The deposit, equivalent to 10% of the Company's initial registered capital, bears no interest and is refundable only when the Company ceases its operations in Cambodia.

(d) Statutory deposit is denominated in US$.

6. PROPERTY AND EQUIPMENT

	Leasehold improvement US$	Office furniture, fixtures and equipment US$	Computer equipment US$	Vehicle US$	Other assets US$	Total US$
Cost						
Balance as at 1.1.2024	-	3,602	28,827	45,515	1,102	79,046
Additions	5,948	3,157	5,796	-	818	15,719
Disposal	-	(1,540)	-	-	-	(1,540)
Balance as at 31.12.2024	5,948	5,219	34,623	45,515	1,920	93,225
Additions	-	793	3,729	-	-	4,522
Balance as at 31.12.2025	5,948	6,012	38,352	45,515	1,920	97,747
Accumulated depreciation						
Balance as at 1.1.2024	-	2,910	13,753	15,040	828	32,531
Depreciation for the year	793	1,173	9,945	9,103	456	21,470
Disposal	-	(1,540)	-	-	-	(1,540)
Balance at 31.12.2024	793	2,543	23,698	24,143	1,284	52,461
Depreciation for the year	1,190	1,313	7,723	9,103	273	19,602
Balance at 31.12.2025	1,983	3,856	31,421	33,246	1,557	72,063
Carrying amounts						
Balance at 31.12.2025	**3,965**	**2,156**	**6,931**	**12,269**	**363**	**25,684**
(KHR'000 equivalent)	*15,913*	*8,651*	*27,814*	*49,235*	*1,457*	103,070
Balance at 31.12.2024	5,155	2,676	10,925	21,372	636	40,764
(KHR'000 equivalent)	*20,749*	*10,771*	*43,973*	*86,022*	*2,560*	*164,075*

6. PROPERTY AND EQUIPMENT (continued)

All items of property and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation periods are as follows:

Leasehold improvement	5 years
Office furniture and fixtures	3 years
Computer equipment	3 years
Motor vehicles	5 years
Other assets	3 years

7. INTANGIBLE ASSETS

	Software US$	Software under development US$	Total US$
Cost			
Balance as at 1.1.2024	31,416	42,075	73,491
Additions	4,087	25,141	29,228
Transfers	67,216	(67,216)	-
Balance as at 31.12.2024	102,719	-	102,719
Additions	27,335	7,062	34,397
Balance as at 31.12.2025	130,054	7,062	137,116
Accumulated amortisation			
Balance as at 1.1.2024	12,064	-	12,064
Amortisation for the year	18,546	-	18,546
Balance as at 31.12.2024	30,610	-	30,610
Amortisation for the year	25,410	-	25,410
Balance as at 31.12.2025	56,020	-	56,020
Carrying amounts			
Balance as at 31.12.2025	**74,034**	**7,062**	**81,096**
(KHR'000 equivalent)	*297,098*	*28,340*	*325,438*
Balance as at 31.12.2024	72,109	-	72,109
(KHR'000 equivalent)	*290,239*	-	*290,239*

(a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

(b) Software is amortised over its estimated useful life of three years using straight-line basis.

(c) Software under development represents software yet to be ready for its intended use. It is not depreciated until such time when the asset is available for use.

8. LEASE

The Company as lessee

Right-of-use assets

Carrying amount	**Building US$**
Balance at 1.1.2024	3,354
Addition	113,930
Depreciation	(18,545)
Balance at 31.12.2024	98,739
Depreciation	(22,786)
Balance at 31.12.2025	**75,953**
(KHR'000 equivalent)	*304,800*

Lease liabilities

Carrying amount	**Building US$**
Balance at 1.1.2024	3,455
Addition	113,930
Interest expense	6,579
Lease payments	(22,440)
Balance at 31.12.2024	101,524
Interest expense	8,323
Lease payments	(28,380)
Balance at 31.12.2025	**81,467**
(KHR'000 equivalent)	*326,927*

Represented by:	**2025**		**2024**	
	US$	**KHR'000**	**US$**	**KHR'000**
Current liabilities	21,938	88,038	20,057	80,729
Non-current liabilities	59,529	238,889	81,467	327,905
	81,467	326,927	101,524	408,634

(a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

8. **LEASE (continued)**

(b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follow:

Buildings	2 – 10 years

(c) The following are the amounts recognized in profit or loss:

	2025		2024	
	US$	**KHR'000**	**US$**	**KHR'000**
Depreciation charge of right-of-use assets (included in general and administrative expenses)	22,786	91,394	18,545	75,497
Interest expense on lease liabilities	8,323	33,384	6,579	26,783
	31,109	124,778	25,124	102,280

(d) The following are total cash outflows for leases as a lessee:

	2025		2024	
	US$	**KHR'000**	**US$**	**KHR'000**
Included in net cash from financing activities:				
Payment of lease liabilities	28,380	113,832	22,440	91,353

(e) The table below summarises the maturity profile of the lease liabilities of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

31 December 2025	**Weighted average incremental borrowing rate per annum %**	**Within 1 year US$**	**1 – 2 years US$**	**2 – 5 years US$**	**More than 5 years US$**	**Total US$**
Lease liabilities	9%	28,380	28,380	37,840	-	94,600
(KHR'000 equivalent)		*113,889*	*113,889*	*151,852*	-	*379,630*
31 December 2024						
Lease liabilities	9%	28,380	28,380	66,220	-	122,980
(KHR'000 equivalent)		*114,230*	*114,230*	*266,536*	-	*494,996*

9. DEFERRED ACQUISITION COSTS

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
At 1 January	1,049,057	4,222,454	561,063	2,291,942
Commission paid	2,846,074	11,415,603	1,994,243	8,118,563
Recognised in profit or loss	(2,455,343)	(9,848,381)	(1,506,249)	(6,131,940)
Currency translation differences	-	(11,806)	-	(56,111)
At 31 December	1,439,788	5,777,870	1,049,057	4,222,454

10. INSURANCE AND OTHER RECEIVABLES

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Insurance receivables				
Premium receivables	723,213	2,902,252	608,798	2,450,412
Other receivables				
Rental deposits	10,750	43,140	10,750	43,269
Interest receivable	123,514	495,663	111,520	448,868
Others	10,859	43,577	125	503
	145,123	582,380	122,395	492,640
Total receivables	868,336	3,484,632	731,193	2,943,052
Prepayments	60,828	244,105	43,132	173,606
	929,164	3,728,737	774,325	3,116,658

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) Insurance receivables are non-interest bearing and the normal trade credit terms granted by the Company is one month (2024: one month). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Total receivable are denominated in US$.

(d) Impairment for other receivables is recognised based on the general approach within CIFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

11. TERM DEPOSITS

	2025		2024	
	US$	KHR'000	US$	KHR'000
Placement with banks	6,921,754	27,776,999	4,246,219	17,091,031

(a) Placement with banks is classified as financial assets measured at amortised cost.

(b) Placement with banks earns interest at rate ranging from 4.50% to 7.25% per annum (2024: 4.50% to 7.25% per annum).

(c) Placement with banks of the Company has an average maturity period of 1 year (2024: 1 year).

(d) Term deposits are denominated in US$.

12. CASH AND BANK BALANCES

	2025		2024	
	US$	KHR'000	US$	KHR'000
Cash on hand	492	1,974	396	1,594
Cash at banks				
- Related party	349,626	1,403,050	281,846	1,134,430
- Non-related parties	226,331	908,266	34,602	139,273
	575,957	2,311,316	316,448	1,273,703
	576,449	2,313,290	316,844	1,275,297

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) Cash and bank balances are denominated in US$.

13. SHARE CAPITAL

	2025		2024	
	Number	US$	Number	US$
Ordinary shares of US$15 each				
Registered	2,999,900	2,999,900	2,999,900	2,999,900
Registered and issued:				
At 1 January	2,999,900	2,999,900	1,000,000	1,000,000
- Transfer from capital reserve	-	-	1,999,900	1,999,900
At 31 December	2,999,900	2,999,900	2,999,900	2,999,900
(KHR'000 equivalent)		*11,999,600*		*11,999,600*

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

14. CAPITAL RESERVE

This represents the capital injection from shareholders which had not been sought approval to legalise the share capital as at 31 December 2025.

15. INSURANCE CONTRACT LIABILITIES

	2025		2024	
	US$	KHR'000	US$	KHR'000
Provision for unearned premiums	4,518,804	18,133,960	3,271,013	13,165,827
Provision for outstanding claims	-	-	35,054	141,092
Provision for incurred but not reported (IBNR)	224,654	901,537	226,221	910,540
	4,743,458	19,035,497	3,532,288	14,217,459

(a) Movements in the provision for unearned premiums are as follows:

	2025		2024	
	US$	KHR'000	US$	KHR'000
At beginning of the year	3,271,013	13,165,827	1,730,005	7,067,070
Gross premiums written during the year	1,247,791	5,004,892	1,541,008	6,273,444
Currency translation difference	-	(36,759)	-	(174,687)
At end of year	4,518,804	18,133,960	3,271,013	13,165,827

Unearned premium represent the portion of net premium income of insurance policies written that relates to the unexpired periods of the policies at the end of the financial year.

The methodology that is used to calculate the reserve for unearned premium reserve is 1/365 method.

(b) Movements in the provision for outstanding claims and incurred but not reported ("IBNR") are as follows:

	2025		2024	
	US$	KHR'000	US$	KHR'000
At beginning of the year	261,275	1,051,632	237,933	957,680
Claims incurred during the year	466,582	1,871,460	718,847	2,926,427
Claims paid during the year	(503,203)	(2,018,347)	(695,505)	(2,831,401)
Currency translation difference	-	(3,208)	-	(1,074)
At end of year	224,654	901,537	261,275	1,051,632

Claim expense includes claim paid in the year and a provision for the estimated cost of all claims notified but not yet settled and for those IBNR at the date of the statement of financial position.

(c) Insurance contract liabilities

Insurance contract liabilities represent the future total liability for the general insurance policies in force on the reporting date which is set to ensure that the Company can meet future obligation from insurance policies.

15. INSURANCE CONTRACT LIABILITIES (continued)

(c) Insurance contract liabilities (continued)

According to Prakas on procedures and measurement of technical reserve issued by IRC dated 23 December 2022, the insurance company shall calculate the mathematical reserve for long-term insurance contract using Gross Premium Valuation reserve (“GPV”). The Company has a grace period of 12 months from the effective date for the adoption of the GPV method.

During the period, the Company continues to use its existing reserve valuation method which is a combination of the Bornheutter-Ferguson (“BF”) and Chain Ladder (“CL”) methods.

Assumptions in setting insurance contract liabilities

The principal assumption underlying the liability estimates is that the Company’s future claims development will follow a similar pattern to past claims development experience. The Company uses a combination of BF and CL methods to estimate the insurance contract liabilities.

Expected loss ratio (“ELR”)

Expected loss ratio are estimated based on the credibility-weighted average of the Company’s and industry’s loss ratio experience.

Liability Adequacy Test (“LAT”)

LAT is performed at each reporting date to assess the adequacy of reserve in the Company. As at 31 December 2025, the result of the LAT shown that the insurance contract liabilities recorded in the financial statements are adequate.

(d) Insurance contract liabilities are denominated in US$.

(e) Gross premiums

Gross premiums on micro-life and hospital insurance contracts are recognised as revenue when due from the policyholder on the first day of the month of cover and for personal accident cover on the date on which the policy is effective.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. This relates to policies on personal accident cover.

Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as unearned premiums.

16. OTHER PAYABLES

	2025		2024	
	US$	**KHR’000**	**US$**	**KHR’000**
Related party	144,374	579,373	-	-
Accruals	246,615	989,665	196,616	791,379
Accrued staff bonus	147,529	592,036	52,070	209,582
Other tax payable	5,809	23,313	5,429	21,852
Others	161	647	628	2,526
	544,488	2,185,034	254,743	1,025,339

(a) Other payables are classified as financial liabilities measured at amortised cost.

16. OTHER PAYABLES (continued)

(b) Other payables are denominated in US$.

(c) Amount due to related party is in respect of advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Maturity profile of other payables of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

17. INSURANCE PREMIUM REVENUE

	2025		2024	
	US$	**KHR'000**	**US$**	**KHR'000**
Credit life	43,282	173,604	158,483	645,184
Term life	8,943,946	35,874,166	6,048,335	24,622,772
	8,987,228	36,047,770	6,206,818	25,267,956

18. OTHER INCOME

	2025		2024	
	US$	**KHR'000**	**US$**	**KHR'000**
Interest income	290,563	1,165,450	233,593	950,957
Gain on disposal on property and equipment	-	-	440	1,791
Other	10,957	43,948	24,156	98,339
	301,520	1,209,398	258,189	1,051,087

Interest income is recognised as it accrues, using the effective interest method.

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2025		2024	
	US$	**KHR'000**	**US$**	**KHR'000**
Salary and other employee benefit	639,970	2,566,921	434,680	1,769,582
IT service fee	91,634	367,543	78,168	318,222
Professional fee	78,489	314,818	88,806	361,529
Depreciation and amortisation	67,798	271,936	58,561	238,402
Other expense	47,319	189,802	27,029	110,037
Contribution and sponsorships	44,936	180,239	31,034	126,339
Communication	21,992	88,212	17,667	71,922
Entertainment and gifts	11,248	45,116	6,089	24,788
Printing and stationery expense	8,268	33,161	4,892	19,915
Advertising and promotion expense	8,134	32,625	10,551	42,953
License fees	8,022	32,176	4,778	19,451
Utilities	6,243	25,041	5,551	22,598
Travelling	3,708	14,873	4,696	19,117
Other tax expense	3,273	13,127	6,021	24,511
Office and administration	1,717	6,886	1,304	5,309
Bank charge	864	3,464	969	3,946
Repair and maintenance	554	2,221	1,000	4,071
Rental expense	-	-	284	1,156
	1,044,169	4,188,161	782,080	3,183,848

20. TAX EXPENSE

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Income tax expense:				
Current year	450,410	1,806,594	312,206	1,270,991

Under the Cambodian Law on Taxation, the Company has an obligation to pay:

- 5% (2024: 5%) of the gross premiums received in the tax year in relation to the insurance or reinsurance risk in Cambodia; and

- for the other activities that are not insurance or reinsurance, the Company has an obligation to pay tax on profit at 20% (2024: 20%) of the taxable profit or a minimum tax at 1% of other revenue, whichever is higher.

Interest income earned from deposits with bank and local financial institutions is not subject to tax on profit in accordance with circular No.003 MEF GDT- Tax on profit and Other Tax Collection of Insurance Companies issued by the MEF on 10 February 2011.

The numerical reconciliation between the tax expense and the product of gross premium multiplied by the applicable tax rate of the Company is as follows:

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Gross premium	8,987,228	36,047,770	6,206,818	25,267,956
Tax at Cambodian statutory tax rate of 5% (2024: 5%)	449,361	1,802,389	310,341	1,263,398
Tax on other income	1,049	4,205	1,865	7,593
Total tax expense	450,410	1,806,594	312,206	1,270,991

21. RELATED PARTY DISCLOSURES

(a) Parties are considered related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties can be individuals or other parties.

Key management personnel comprises persons (including the Directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly and indirectly.

(b) The Company had the following transactions with related parties during the financial year.

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Holding company				
LOLC Life Assurance Private Limited				
Payment to the Company	-	-	4,070	16,569

21. RELATED PARTY DISCLOSURES (continued)

(b) The Company had the following transactions with related parties during the financial year.

	2025		2024	
	US$	KHR'000	US$	KHR'000
Related parties				
LOLC (Cambodia) Plc.				
Advances to the Company	144,374	579,084	-	-
Payment to the Company	108,052	433,398	423,117	1,722,509
Premium collected on behalf for the Company	2,664,491	10,687,273	2,826,952	11,508,522
Commission expense to the Company	851,804	3,416,586	932,965	3,798,101
Premium paid	8,567,802	34,365,454	5,728,167	23,319,368
Commission fee paid	2,825,943	11,334,856	1,890,080	7,694,516
Management fees paid	46,825	187,817	49,995	203,530
Rental fees expense	-	-	4,841	19,708
Fusion x Global Fzc				
Payment to the Company	173	692	2,680	10,910
IT service charged	40,674	163,144	26,567	108,154

Balances with related parties at the end of the reporting period are disclosed in Note 10, Note 12 and Note 16 to the financial statements.

The related parties transactions described above were carried out on negotiated commercial terms.

(c) Compensation of key management personnel

	2025		2024	
	US$	KHR'000	US$	KHR'000
Key management remuneration	160,251	642,767	99,004	403,047

22. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern whilst maximising the return to its shareholders. The overall strategy of the Company remains unchanged from that in the previous financial year.

The Company is required to maintain the Solvency Margin of at least minimum level of 120% as required by the IRC and the Company maintain the required solvency margin of 25% as of 31 December 2025. It is the Company's policy to hold adequate capital and cover minimum capital requirement according to the Prakas on Solvency Margin of insurance companies issued by IRC dated 14 December 2022.

22. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management

The financial risk management objective of the Company is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

The Company is exposed mainly to credit risk, liquidity and cash flow risk, underwriting risk and reinsurance risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to perform as contracted. The Company is mainly exposed to credit risk from credit sales. It is the Company's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

The Company's primary exposure to credit risk arises through its insurance receivables from its customers. The Company controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Company also seeks to invest cash assets safely and profitably with approved financial institutions.

The Company determines a financial asset to be in default when contractual payments are past due and when internal or external information indicates that financial asset is not recoverable. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

<u>Exposure to credit risk and credit risk concentration profile</u>

The maximum exposure to credit risk for the Company is represented by the carrying amounts of each financial asset.

The Company do not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations when due.

The Company actively manages its operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's activities.

22. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Underwriting risk

Underwriting risk includes the risk of incurring higher claims costs than expected owing to the random nature claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting insurance pricing and conditions of insurance and reinsurance cover. The Company seeks to minimise underwriting risk with a balanced mix and spread of business between classes of business and by observing underwriting guidelines and limit, prudent estimation of the claims provisions, and high standards applied to the security of reinsurers.

(iv) Reinsurance risk

Reinsurance risk relates to the risk that the financial condition of a reinsurance company with whom the Company reinsures underwriting risks may be unsound, therefore impeding its ability to honour reinsurance claims. In order to minimise this risk, the Company analyses the financial status and considers the credit rating of each reinsurer that it has transactions with, and places its reinsurance business with a variety of reinsurance companies.

23. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

24. ADOPTION OF NEW CIFRSs

24.1 New CIFRSs adopted during the current financial year

The Company adopted the following amendments during the financial year.

	Effective Date
Amendments to CIAS 21 *Lack of Exchangeability*	1 January 2025

Adoption of the above amendments did not have any material effect on the financial performance or position of the Company.

24. ADOPTION OF NEW CIFRSs (continued)

24.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026

The following are accounting standards and amendments that have been issued but have not been early adopted by the Company.

	Effective Date
Amendments to CIFRS 7 and CIFRS 9 *Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to CIFRS Accounting Standards - Volume 11	1 January 2026
Amendments to CIFRS 9 and CIFRS 7 *Contracts Referencing Nature-dependent Electricity*	1 January 2026
CIFRS 18 *Presentation and Disclosures in Financial Statements*	1 January 2027
CIFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to CIFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to CIAS 21 *Translation to a Hyperinflationary Presentation Currency*	1 January 2027
CIFRS 17 *Insurance Contracts*	1 January 2028
Initial Application of CIFRS 17 and CIFRS 9 – Comparative Information (Amendment to CIFRS 17 *Insurance Contracts*)	1 January 2028
Amendments to CIFRS 10 and CIAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Company is in the process of making an assessment of the potential impact from the adoption of these accounting standards and amendments hence the Directors are not yet in a position to conclude on the potential impact on the results and the financial position of the Company.