



STATE MORTGAGE & INVESTMENT BANK

Audited Financial Statements For The Year Ended 31st December 2025

Fitch Rating BB (lka) Stable

| AUDITED INCOME STATEMENT FOR THE YEAR ENDED 31 st DECEMBER 2025 | | Rs 'Mn | |
|--|--------------|--------------|--|
| | 2025 | 2024 | |
| Interest income | 7,121 | 7,591 | |
| Interest expenses | (3,888) | (5,392) | |
| Net interest income | 3,233 | 2,198 | |
| Fee and commission income | 380 | 173 | |
| Net fee and commission income | 380 | 173 | |
| Net Fair Value Gains/(Losses) from FA at FVPL | 146 | 378 | |
| Net other operating income (net) | 48 | 31 | |
| Total operating income | 3,807 | 2,780 | |
| Impairment Charges | (557) | (541) | |
| Net operating income | 3,250 | 2,239 | |
| Personnel expenses | (1,424) | (1,229) | |
| Depreciation and amortization expenses | (197) | (127) | |
| Other expenses | (451) | (447) | |
| Operating profit/(loss) before VAT & SSCL | 1,177 | 436 | |
| Value added tax (VAT) on financial services (18%) | (387) | (245) | |
| Social Security Levy (2.5%) | (54) | (33) | |
| Profit/(loss) before tax | 737 | 158 | |
| Income Tax expenses | (375) | (126) | |
| Profit/(loss) for the Year | 362 | 32 | |

| AUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 st DECEMBER 2025 | | Rs 'Mn | |
|---|------------|-----------|--|
| | 2025 | 2024 | |
| Profit/(loss) for the Year | 362 | 32 | |
| Items that will be reclassified to income statement | | | |
| Gains and Losses on Re-Measuring Financial Assets | - | - | |
| Items that will not be reclassified to income statement | | | |
| Re-measurement of post-employment benefit obligations | 46 | (46) | |
| Deferred Tax effect on Actuarial Gains/Losses on defined benefit obligations | (14) | 14 | |
| Total comprehensive income for the Year | 394 | - | |

| AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 st DECEMBER 2025 | | Rs 'Mn | |
|--|---------------|---------------|--|
| | 2025 | 2024 | |
| Assets | | | |
| Cash and cash equivalents | 137 | 125 | |
| Placements with Banks | 926 | 153 | |
| Financial Assets - FVPL | 789 | 2,943 | |
| Financial Assets - AC | | | |
| - Loans and Advanced | 44,806 | 41,730 | |
| - Debt and Other Instruments | 9,203 | 8,979 | |
| Financial Assets - FVOCI | 5 | 5 | |
| Property, plant and equipment | 329 | 405 | |
| Right-of-use Assets | 130 | 99 | |
| Deferred tax assets | 438 | 634 | |
| Other assets | 597 | 596 | |
| Total assets | 57,360 | 55,668 | |
| Liabilities | | | |
| Due to banks | - | - | |
| Financial Liabilities at Amortised Cost | | | |
| - Due to Depositors | 48,857 | 48,161 | |
| - Due to Debt Securities Holders | - | - | |
| - Due to Other Borrowers | 274 | 141 | |
| Employee Benefit Liability | 663 | 678 | |
| Income Tax Liability | 194 | - | |
| Other Liabilities | 1,557 | 1,269 | |
| Total liabilities | 51,544 | 50,248 | |
| Equity | | | |
| Stated Capital/Assigned Capital | 890 | 890 | |
| Statutory Reserve Fund | 307 | 307 | |
| Retained Earnings | 3,541 | 3,146 | |
| Other Reserves | 1,078 | 1,078 | |
| Total equity | 5,816 | 5,420 | |
| Total equity and liabilities | 57,360 | 55,668 | |

Certification:

These Financial Statements give a true and fair view of the state of affairs of the State Mortgage and Investment Bank as at 31 December 2025 and its profit for the year then ended.

Mr.K.L.N.A. Perera
Deputy General Manager (Corporate Planning & Branch Operation)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and Signed for and on behalf of the board,

Mr. Maheel P. Kuragama
Chairman

Mr. H.M.A. Senevirathne
Director

Mr.I.T.Asuramanna
General Manager / CEO

23rd February 2026

Audit Opinion of Auditor General

In my opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the bank as at 31 December 2025, and of its financial performance and its cashflows for the year ended in accordance with Sri Lanka Accounting Standards.

State Mortgage & Investment Bank, No.269, Galle Road, Colombo 03, Sri Lanka.

| AUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 st DECEMBER 2025 | | Rs 'Mn | |
|---|----------------|----------------|--|
| | 2025 | 2024 | |
| Cash Flows from Operating Activities | | | |
| Interest Received | 6,546 | 4,934 | |
| Interest Payments | (4,261) | (6,732) | |
| Net commission receipts | 380 | 173 | |
| Payments to Employees | (1,120) | (1,119) | |
| VAT on financial services & SSCL | (454) | (166) | |
| Receipts from Other Operating Activities | 12 | 2 | |
| Payments on Other Operating Activities | (378) | (468) | |
| Operating profit before changes in Operating Assets & Liabilities | 725 | (3,377) | |
| Financial assets at amortised cost - loans & advances | (3,097) | (606) | |
| Other assets | (116) | 28 | |
| Increase/ (Decrease) in Operating Liabilities | (3,212) | (578) | |
| Financial liabilities at amortised cost-due to depositors | 1,069 | (2,656) | |
| Financial liabilities at amortised cost-due to other borrowers | 133 | (38) | |
| Other liabilities | 66 | 380 | |
| Net cash generated from operating activities before Income Tax | (1,219) | (6,270) | |
| Gratuity Paid | (70) | (74) | |
| Income Taxes Paid | - | (16) | |
| Net Cash from Operating Activities | (1,289) | (6,359) | |
| Cash flows from investing activities | | | |
| Dividend Received | 25 | 23 | |
| Proceeds from the sale of property, plant and equipment | 11 | 6 | |
| Purchase of Property, Plant & Equipment | (38) | (235) | |
| Net Proceeds from the sale and maturity of financial investments | 1,303 | 6,570 | |
| Net cash (used in)/ from investing activities | 1,302 | 6,364 | |
| Cash flows from financing activities | | | |
| Repayment of subordinated debt | - | - | |
| Payments to Consolidated Fund | - | - | |
| Net cash from financing activities | - | - | |
| Net increase/(decrease) in cash & cash equivalents | 12 | 5 | |
| Cash and cash equivalents at the beginning of the Year | 125 | 120 | |
| Cash and cash equivalents at the end of the Year | 137 | 125 | |
| Reconciliation of Cash and Cash Equivalents | | | |
| Cash and Short Term Funds | 137 | 125 | |
| Borrowings from Banks (OD) | - | - | |
| Cash and cash equivalents at the end of the Year | 137 | 125 | |

| Analysis of Financial Instruments by Measurement Basis - Bank - Current Year (31.12.2025) | | Rs. 'Mn | | |
|---|---------------|------------|----------|---------------|
| | AC | FVPL | FVOCI | Total |
| ASSETS | | | | |
| Cash and cash equivalents | 137 | | | 137 |
| Placements with banks | 926 | | | 926 |
| Loans and advances | 48,300 | | | 48,300 |
| Debt instruments | 695 | | | 695 |
| Reverse Repos | 981 | | | 981 |
| Treasury Bills | 7,200 | | | 7,200 |
| Treasury Bonds | 329 | | | 329 |
| Unit Trusts | | 789 | | 789 |
| Unquoted Shares | | | 5 | 5 |
| Total financial assets | 58,566 | 789 | 5 | 59,361 |
| LIABILITIES | | | | |
| Due to Banks | - | | | - |
| Financial liabilities | | | | |
| - Due to depositors | 48,857 | | | 48,857 |
| - Due to debt security holders | - | | | - |
| - Due to other borrowers | 274 | | | 274 |
| Total financial liabilities | 49,130 | | | 49,130 |

| Analysis of Financial Instruments by Measurement Basis - Bank Previous Year (31.12.2024) | | Rs. 'Mn | | |
|--|---------------|--------------|----------|---------------|
| | AC | FVPL | FVOCI | Total |
| ASSETS | | | | |
| Cash and cash equivalents | 125 | | | 125 |
| Placements with banks | 153 | | | 153 |
| Loans and advances | 44,667 | | | 44,667 |
| Debt instruments | 694 | | | 694 |
| Reverse Repos | 2,256 | | | 2,256 |
| Treasury Bills | 5,608 | | | 5,608 |
| Treasury Bonds | 423 | | | 423 |
| Commercial Papers | - | 2,943 | | 2,943 |
| Unit Trusts | | | 5 | 5 |
| Unquoted Shares | | | | |
| Total financial assets | 53,925 | 2,943 | 5 | 56,874 |
| LIABILITIES | | | | |
| Due to Banks | - | | | - |
| Financial liabilities | | | | |
| - Due to depositors | 48,161 | | | 48,161 |
| - Due to debt security holders | - | | | - |
| - Due to other borrowers | 141 | | | 141 |
| Total financial liabilities | 48,301 | | | 48,301 |

AC - Financial assets/liabilities measured at amortised cost
FVPL - Financial assets/liabilities measured at fair value through profit or loss
FVOCI - Financial assets measured at fair value through other comprehensive income

Ratio Analysis as at 31/12/2025

| | 31/12/2025 | 31/12/2024 |
|--|------------|------------|
| Regulatory Capital Adequacy (LKR 'Mn)-Basel III | | |
| Common Equity Tire 1 | 5,175 | 4,787 |
| Tire -1 Capital | 4,771 | 4,787 |
| Total Capital | 4,771 | 4,787 |

| Regulatory Capital Ratios (%) | |
|---|-------------|
| Common Equity Tire 1 Capital Ratio (Minimum Requirement 7%) | 24.32 19.28 |
| Tier 1 Capital Ratio (Minimum Req 8.5%) | 22.42 19.28 |
| Total Capital Ratio (Minimum Req 12.5%) | 22.42 19.28 |
| Basel III Leverage Ratio (Minimum Requirement 3%) | 7.28 8.40 |

| Regulatory Liquidity Requirement | |
|---|---------------|
| Liquidity Coverage Ratio (LCR) (Minimum req-100%) | 102.48 104.79 |
| Total Stock of High Quality Liquid Assets Rs.Mn | 8,625 7,167 |
| Net Stable Funding Ratio (Minimum req-100%) | 108.00 108.00 |

| Assets Quality | |
|---|-------------|
| Impaired Loan (stage 3) to Total Loan ratio % | 37.00 33.00 |
| impairment (stage 3) to stage 3 loans ratio % | 14.54 14.10 |

| Income & Profitability | |
|------------------------|-------------|
| Interest Margin % | 5.72 3.83 |
| Return on Assets % | 1.30 0.28 |
| Return on Equity % | 6.44 0.59 |
| Cost to Income Ratio | 69.08 84.32 |

| Memorandum Information | |
|------------------------|---------|
| Credit Rating | BB BBB |
| Number of Branches | 25 25 |
| Number of Employees | 334 353 |

Certification:

We, the undersigned, being the Chief Executive Officer and the Chief Financial Officer of the Bank jointly certify that:

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;

Mr.I.T.Asuramanna
General Manager / CEO

Mr.K.L.N.A. Perera
Deputy General Manager
(Corporate Planning & Branch Operation)

AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.12.2025

| | Contributed Capital | Statutory Reserve | Capital Reserve | General Reserve | Title Indemnity Fund | Retained Earnings | AFS Reserve | Total |
|----------------------------------|---------------------|-------------------|-----------------|-----------------|----------------------|-------------------|-------------|--------------|
| Balance as at 31/12/2023 | 890 | 307 | 393 | 683 | 1 | 3,180 | - | 5,454 |
| Prior Period Adjustments | | | | | | (34) | | (34) |
| Net Profit / Loss for the Year | | | | | | 32 | | 32 |
| Other Comprehensive Income | | | | | | (32) | | (32) |
| Transfer During the Year | | | | | | | | |
| Transfer to Consolidated Fund | | | | | | | | |
| Balance as at 31/12/2024 | 890 | 307 | 393 | 683 | 1 | 3,146 | - | 5,420 |
| Prior Year adjustments | | | | | | 1 | | 1 |
| Net Profit / Loss for the year | | | | | | 362 | | 362 |
| Deemed dividend Tax over Payment | | | | | | | | |
| Other Comprehensive Income | | | | | | | | |
| Transfer During the Year | | | | | | 32 | | 32 |
| Transfer to Consolidated Fund | | | | | | | | |
| Balance as at 31/12/2025 | 890 | 307 | 393 | 683 | 1 | 3,541 | - | 5,816 |

| Analysis of amount due to depositors | | Rs. 'Mn | |
|--------------------------------------|---------------|---------------|--|
| | 31.12.2025 | 31.12.2024 | |
| By Product | | | |
| Savings deposits | 3,544 | 3,574 | |
| Fixed deposits | 44,998 | 44,319 | |
| Other deposits (Schemes) | 315 | 267 | |
| Total | 48,857 | 48,161 | |

| a. Product wise Gross Loans and Advances | | Rs. 'Mn | |
|---|---------------|---------------|--|
| | 31.12.2025 | 31.12.2024 | |
| Mortgage | 10,017 | 9,969 | |
| EPF | 18,587 | 13,939 | |
| Vehicle | - | - | |
| Staff loans | 1,048 | 1,061 | |
| Personal Loans | 16,125 | 17,669 | |
| Others | 2,858 | 2,404 | |
| Less- Allowance for Day 1 Difference - Staff Loan | (327) | (365) | |
| Gross Total | 48,309 | 44,678 | |

| b. Stage wise impairment on loans and advances | | Rs. 'Mn | |
|--|---------------|---------------|--|
| | 31.12.2025 | 31.12.2024 | |
| Gross loans and advances | 48,309 | 44,678 | |
| Stage 1 | 25,507 | 24,539 | |
| Stage 2 | 4,822 | 5,401 | |
| Stage 3 | 17,979 | 14,738 | |
| (Less): Accumulated impairment under: | 3,493 | 2,937 | |
| Stage 1 | 453 | 403 | |
| Stage 2 | 426 | 456 | |
| Stage 3 | 2,615 | 2,078 | |
| Net Loans and Advances | 44,815 | 41,741 | |
| Less- First day impact of Moratorium Loans | 9 | 11 | |
| Net Loans and Advances | 44,806 | 41,730 | |

| c. Movements in impairment during the Period | | Rs. 'Mn | |
|--|------------|------------|--|
| | 31.12.2025 | 31.12.2024 | |
| Stage 1 | | | |
| Opening balance as at 01/01/2025 | 403 | 463 | |
| Charge/ (Write back) to income Statement | 50 | (35) | |
| Write-off during the year | - | - | |
| Closing balance at 31/12/2025 | 453 | 403 | |
| Stage 2 | | | |
| Opening balance as at 01/01/2025 | 456 | 264 | |
| Charge/ (Write back) to income Statement | (30) | 16 | |