



**From Vision to Expansion:
Enabling SME Growth
Across Sri Lanka**

**ANNUAL REPORT
2025**

FROM VISION TO EXPANSION: ENABLING SME GROWTH ACROSS SRI LANKA

2025

We close Mortgage and Investment Bank (MIB), highlighting a year of improved stability in Sri Lanka's financial sector despite ongoing global economic uncertainties. While global trade tensions, geopolitical risks, and slowing economic growth continued to impact developing economies, Sri Lanka experienced a gradual recovery, supported by increased liquidity, profitability, and renewed investor confidence in its banking sector in 2024.

MIB adopted a customer-centric approach, prioritizing the interests of stakeholders—particularly vulnerable clients—while navigating economic challenges in 2025. The Bank received a strong

financial turnaround, achieving a remarkable profit after tax compared to year 2024.

This performance was driven by effective cost management, increased net interest income, growth in fee and commission income, and the successful implementation of a new core banking system. The Bank also reported steady growth in assets and in loan portfolio, while maintaining capital and liquidity ratios well above regulatory requirements.



Contents

CORPORATE PROFILE	00
FINANCIAL HIGHLIGHTS	04
FINANCIAL REVIEW	05
CHAIRMAN'S MESSAGE	09
CEO'S MESSAGE	09
BOARD OF DIRECTORS	19
CORPORATE MANAGEMENT	24
SECTOR MANAGEMENT	26
CORPORATE GOVERNANCE	27
BOARD ALIST COMMITTEE REPORT	66
BOARD NOMINATION COMMITTEE REPORT	68
BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT	73
BOARD INTEGRATED RISK MANAGEMENT COMMITTEE	72
RISK MANAGEMENT	75
HUMAN RESOURCE MANAGEMENT	81
PRODUCT SERVICES	83
DIRECTORS' REPORT	87
DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING	92
AUDITOR GENERAL'S REPORT ON COMPANY'S INTERNAL CONTROLS	94
DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING	96
AUDITOR GENERAL'S REPORT ON FINANCIAL STATEMENTS	98
STATEMENT OF FINANCIAL POSITION	100
INCOME STATEMENT	104
STATEMENT OF COMPREHENSIVE INCOME	104
STATEMENT OF CHANGES IN EQUITY	105
STATEMENT OF CASH FLOWS	106
NOTES TO THE FINANCIAL STATEMENTS	107
FIVE YEAR OPERATIONAL SUMMARY	115



	<h2>Vision</h2>	<p>"To be the widely valued partner in development banking with Market leaders in customer trust."</p>
	<h2>Mission</h2>	<p>SMB will continue to be the premier banking bank to the sector and a valued partner in development banking.</p>
	<h2>Corporate Value</h2>	<p>What we stand for:</p> <ul style="list-style-type: none"> 1. We act with integrity and show respect 2. We exhibit professionalism and confidence in all what we do. 3. We work with dedication and accept accountability for our own actions. 4. We display openness and drive for teamwork. 5. We value innovation, diversity and positive culture. 6. We have hunger for learning and growth for growing with the best.

CORPORATE PROFILE

Customer: We are committed to serve all our customers with attractive financial solutions to suit their banking and development financial needs through superior customer service, innovation, quality and state-of-art technology.

Humanity partners: We will offer best return on their investment with solid security and flexibility.

Employee: We shall provide opportunities for our employees to grow their skills, passion and to improve their quality of life while creating a healthy and productive work environment with an appreciative team culture.

Sustainability: We are committed to enhance shareholders value through profitable growth while safeguarding capital. More investment.

Technology: We are focused to provide optimal customer with value added services through innovative and technological applications to bring speed, quality and convenience. We provide optimal customer with speed and accurate information to enhance the efficiency and effectiveness of the decision-making process.

Community: Being a partner in national development, we acknowledge its role in enhancing the life style of our community.



FINANCIAL HIGHLIGHTS

	2022 M USD	2021 M USD	Change %
Interest Income	221	205	+8.3%
Interest Expenses	(5,285)	(5,221)	-1.2%
Net Interest Income	222	228	-2.6%
Provision for			
Doubtful	111	100	+11.0%
Credit Loss	30	20	+50.0%
Income Tax Provision	119	115	+3.5%
Loan-loss Allowance: Net	4,435	4,116	+7.7%
Good Assets	1,138	1,098	+3.6%
Corporate Deposits	4,572	4,011	+14.0%
Securities	78	78	0.0%
Bankability Fund	128	118	+8.5%
Ratio Indicators			
Profitability ratio	%	%	%
Net Interest Margin	4.2%	4.0%	+5.0%
Return on Equity (ROE)	4.4%	4.0%	+10.0%
Return on Assets (ROA)	1.2%	1.0%	+20.0%
Capital Adequacy			
Assets / Total Assets	5.0%	5.1%	-2.0%
Assets / Loans & Advances	1.1%	1.0%	+10.0%
	Good 100	Good 100	
Cap 1	14.2%	13.8%	+2.9%
Cap 1 & 2	22.8%	22.4%	+1.8%
Liquidity			
Liquid Assets Ratio	47.4%	46.5%	+1.9%
Loan and Advances / Deposit	81.7%	80.0%	+2.1%
Revolving Credit Lines and Advances	4.0%	3.4%	+18.8%
Rating			
Asset Quality			
NPV / Provisioned Allowance	11.4%	11.7%	-1.9%
NPV / Remaining PIV	46.4%	47.0%	-1.3%
Loan-loss Allowance to Good Assets	3.9%	3.8%	+2.6%



FINANCIAL REVIEW

Our Strategic and Investment Bank (SIB) continued to further materialise its 2025, building on the strong recovery achieved in 2023 and a steadily improving macroeconomic environment. The year was characterised by robust economic stability supported by stable yield on government securities, continued favourable financing conditions, continuation in the IMF's and strengthened fiscal and business conditions. These developments, together with the Government's continued commitment to the IMF, supported strong growth, creating more profitable and sustainable operating environment for the banking sector.

The realisation of its capital business recovery progress in reduced debt servicing, improved loan structure, and strengthening of key macroeconomic indicators contributed to a steady growth in business. SIBB effectively capitalised on these favourable conditions through prudent asset and liability management, disciplined risk management position, and a clearly defined and focused growth strategy.

SIBB achieved a remarkable turnaround in 2023, posting a profit after tax of US \$2 billion compared to US \$2.2 billion in 2022. The strong performance underpins the SIBB's success in strengthening its core banking activities, which lay over quality and consistent disciplined management of lending and spending rates. A key driver of SIB's achievement was the successful implementation of the updated core banking system in December 2023, which significantly improved customer service delivery and streamlined internal business processes. Together, these initiatives have positioned SIBB as a solid growth strategy reflecting its commitment to operational excellence and sustainable profitability.

SIBB reached a notable 17% growth in net interest income in 2023, which is attributed primarily to robust earnings and consistent optimisation of lending rates. The improvement was also contributed to the Bank's strong financial performance during the year. The growing loan losses are continuously covered (SIBB is also more conservatively with providing healthy margin, thereby reducing lending capacity) and overall financial resilience. In addition, the proactive compliance and enhancing of lending management at lower rates, coupled with enhanced loan pricing strategies, further strengthened profitability and positioned the Bank for sustainable growth.

SIBB's financial position strengthened further in 2023, supported by consistent growth, improved asset quality and disciplined capital and liability management. Asset expansion was driven primarily by loan and advances, which rose by 20% to US \$12 billion from US \$10.2 billion in 2022, reflecting the gradual recovery in growth over credit demand. Lending growth remained aligned with robust development policies and was supported by prudent underwriting standards, demonstrating the Bank's ability to grow business volumes while maintaining balance sheet stability through consistent treatment in technology and operational advancements. SIBB continued strict cost discipline, to a great extent, leading to cost ratio of 10.1% (up from 10% in 2022), highlighting improved operational efficiency and the benefits of scale and process optimisation.

The year 2023 marked a consolidation of recovery and a transition toward sustainable growth for 2024. Favourable macroeconomic conditions, solid stability and consistent financial returns provided a strong foundation for sustained financial and business short performance. With disciplined portfolio expansion and quality credit capital base, and a clear strategic focus on operational efficiency and sustainable growth, SIBB is well-positioned to sustain its growth trajectory and continue realising meaningful contributions to national economic development while delivering long-term value to its stakeholders.

Looking ahead, the Bank plans to continue investing in digital transformation and technology-driven initiatives to enhance customer experience, operational efficiency and service delivery. With these initiatives contributing to short-term cost pressures, they are expected to generate long-term benefits through improved scalability, robust financial flows and enhanced competitiveness. Key risks SIBB faces include regulatory developments, shifts in interest rates, and the IMF's policy adjustments. SIBB will continue to proactively address these risks, supporting competitiveness and strengthening financial resilience by leveraging digital platforms, streamlining operations, and into strong business model by harnessing its robust processing facilities and extensive customer engagement. The strategy, aligned between digital excellence and SIBB's core banking systems, SIBB to support national development objectives while delivering sustainable growth and long-term shareholder value.



ANALYSIS OF INCOME STATEMENT

Income Statement Summary

Indicator	2023 (\$ Bil.)	2022 (\$ Bil.)	Change %
Operating Income	1,077	1,027	+5%
Total Operating Income	1,201	1,206	-0%
Provisional Income	179	161	+11%
Net Interest Inc.	102	102	+0%

INTEREST INCOME

Total interest income declined from \$1.134 billion to \$1.121 billion during the year, primarily reflecting the overall reduction in yields across available assets within the investment portfolio. Continuous decrease in government security yields further contributed to this downward trend. However, interest income from loans and advances recorded a positive trend, maintaining \$1.077 billion or 9% compared to 2022. This improvement was primarily driven by 4% growth in the loan portfolio, which contributed positively to income performance. Interest income from investments declined significantly to \$1.101 billion, or 5% mainly due to an 8% contribution to the investment portfolio created with lower market interest rates. The drop reflects continuous fee reduction impact of portfolio rebalancing and a less favorable interest rate environment as investment opportunities.

NET INTEREST INCOME

Net interest income increased by 4% compared to the previous year, primarily driven by a substantial reduction in interest income income expense reduced from \$1.14 billion to \$102 to \$1.14 billion, representing a 2% reduction. This decrease reflects effective management and utilization of the Bank's liquid base throughout the year, which resulted a lower overall cost of funds. Through the strategic management of interest-bearing liabilities and lending components, the Bank significantly offset 10% net interest income, demonstrating improved operational efficiency and strengthened cost discipline amid a challenging interest rate environment.

NON-INTEREST INCOME

Non-interest income, comprising fee and commission income, net gains or losses from financial instruments, and other operating income, recorded a significant improvement during the year. Driven by record fee income, the net non-interest income increased

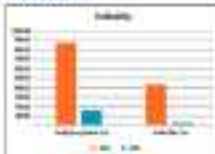
by 10% primarily as a result of robust foreign investment following the introduction of the new asset trading system. In addition, the net value of financial instruments (including the component of the previous year carry-forwards) contribution to net income. The decline was partially offset by a 10% increase in both defined income and fund income, which further strengthened the Bank's investment income performance.

TOTAL OPERATING INCOME

Total operating income rose modestly by 5%, substantially exceeding the target. A 20% reduction in credit impairment a major contributor, reflecting the success of our optimization strategies implemented during the year. Careful management of the liquid base and selected investments (e.g. the net interest margin buffer contribution) also played a role.

The performance also reflects differentiated growth, ranging by 10% compared to the prior year. This strong income was driven by strategic adjustments to the investment portfolio across fund classes. Translating 9% total income recorded by 10% adding further strength overall performance together. These outcomes highlight the effectiveness of disciplined asset management and robust diversification strategies, which collectively provided resilience to a significantly higher level.

PROFITABILITY



The Bank achieved exceptional profitability growth in 2023 with 10% higher net 2023 earnings by 5% and full after tax 2023 earnings by 10% compared to the previous year. This remarkable performance was primarily driven by a substantial increase in net interest income, reflecting the Bank's strategic management of interest obligations. The disciplined approach to optimizing funding costs and enhancing portfolio assets significantly strengthened overall financial results, reinforcing the effectiveness of its growth strategy and operational excellence. These outcomes reflect the Bank's ability to deliver robust results in a challenging



economic environment, underlining the success of its growth strategy and operational excellence.

Growth of other business also contributed to the rise in TFC. Increasingly strong reserves provided beyond traditional financial services and highlighting the Bank's diversified and robust income streams.

CONTRIBUTION TO THE NATION

In its current credit book, SBI remains committed to its commitment to supporting the country's progress, to continue consistently sustaining the liquidity and Capital adequacy ratios mandated by the Central Bank of the country, the bank actively contributes to national development through multiple channels. With its rich capital contributions to the National Investment Fund Fund and the NBDFund of two institutions, under the SBI's active and responsible corporate citizenship, it is strengthening the nation's financial and social framework.

In 2023, Bank made a significant contribution to the government employment efforts. It provided loans such as MSME and formal NREedy Long Term financial contributions towards the bank's commitment to both its shareholders and the nation, continuously enhancing its role as a key player in the nation's economic growth and stability.

Component	2023 Rs. bn
State Fund for (SFC)	400
State Society Fund (SSFC)	10

ANALYSIS OF FINANCIAL POSITION ASSETS

In 2023, the bank's total assets increased by 16% to Rs. 1,20,000 crore, reflecting consistent and sustainable growth. This increase was primarily driven by a significant expansion in the loan portfolio, which rose by Rs. 12,000 crore or 10%, as the bank executed a large-scale lending strategy aimed at achieving its business goals. The average loan size was consistently strong, reflecting the bank's ability to strengthen the resilience of its balance sheet by improving the quality and sustainability of assets. By carefully reviewing asset allocation, sector, loan tenors, and other key metrics, the bank has continued to ensure growing capacity, sustained liquidity and capital adequacy, and positioned itself for sustainable long-term growth and stability.

The disciplined approach to expanding the loan book, combined with prudent credit underwriting and

effective risk management, ensures that asset growth supports long-term financial health, allowing the bank to balance portfolio risk and quality and ensure operational stability.

LIARS AND ADVANCES

The bank's total loans portfolio increased to Rs. 1,00,000 crore in 2023, representing a growth of approximately 9%. This expansion was driven primarily by significant growth in the 40% funded non-secured, which rose by 20%, reflecting strong demand and targeted lending strategies in EPI category. Working loans remained largely stable at Rs. 30,000 crore, showing a modest increase of 2.5% over the previous year, reflecting steady demand for working loans. Personal loans, however, declined by Rs. 1,000 crore to Rs. 1,000 crore, reflecting tighter credit conditions and a strategic focus on more secured and priority-sector lending. Overall, the bank's growth strategy in 2023 demonstrated a balanced and targeted approach, focusing on expanding high-quality loans, while maintaining discipline in personal and consumer loan segments.

Component	2023 Rs. bn	2022 Rs. bn
Secured	30,000	30,000
EPI	30,000	28,000
Unsecured	40,000	40,000
Total	1,00,000	91,000

LIABILITIES

In 2023, the bank's total liabilities increased to Rs. 1,10,000 crore, up from Rs. 1,00,000 crore in 2022, reflecting a consistent growth of approximately 10%. The increase was primarily driven by a rise in deposits from customers, by 10% compared to previous year. 1,00,000 crore in deposits, adding around 10% to the total liabilities, reflecting targeted lending and support for lending requirements. The bank's capital adequacy ratios of Rs. 1,10,000 crore in 2023, compared to Rs. 1,00,000 crore in 2022, reflecting improved portfolio quality, the pro-credit, the bank's liability structure remains well diversified and stable, with customer deposits forming the core funding base. The disciplined management of leverage, provisions, and capital ratios has supported balance sheet stability, and the bank's ability to fund growth initiatives while maintaining a strong financial position.



DEPOSIT BASE

Total deposits, comprising savings deposits and fixed deposits, amounted to Rs. 4,810 billion, representing a moderate increase of 1.0% compared to the previous year. The deposit base continues to be largely driven by households, creating a safe haven over the previous year. This indicates continued depositor confidence in the bank's stability and long-term banking capabilities. Savings deposits remained relatively stable at Rs. 2,010 billion, a slight increase from Rs. 1,970 billion in 2022, reflecting sustained retail customer engagement and a steady inflow of new and existing savable funds. The increase of fixed and savings deposits provides the bank with a stable and diversified funding base, supporting lending growth, healthy management, and overall balance sheet stability.



LIQUIDITY AND CAPITAL

As a Licensed Specialised Government Bank (LSG) of the Government Financial Institutions of Sri Lanka, the State Mortgage and Investment Bank (SMIB) is required to maintain regulatory liquidity ratios above the minimum thresholds prescribed by the Central Bank of Sri Lanka (CBSL) in the 48th/1992 (Amendment No. 02 of 2020) issued under Section 46 of the Banking Act, No. 20 of 1988. SMIB is committed to uphold a minimum liquidity coverage ratio (LCR) of 100%. Furthermore, as stipulated in 122A, Section 16 of 2018, the Bank must maintain a loan-to-value ratio according to the minimum threshold of 80%.

Consistent with Basel II standards, SMIB ensures liquidity resilience by maintaining an LCR that guarantees sufficient unencumbered high-quality liquid assets to withstand a 30 calendar day stress scenario. By the end of 2023, SMIB's LCR stood at a robust 107%, comfortably above the regulatory minimum requirement of 100%.

In terms of capital adequacy, SMIB reported Tier 1 and Total Capital ratios of 14.20% and 23.40%, respectively, for the year ended 2023. These figures significantly

exceed the regulatory minimum of 12.5% and are also higher than the industry averages of 14.0% and 21.0%, respectively. The Bank's strong capital position and resilience, additionally, the bank's continued strong commitment to stable funding, as evidenced by the Central Bank of Sri Lanka (CBSL) with the net stable funding ratio (NSFR) reaching 100% as of December 31, 2023, significantly exceeding the minimum requirement of 80%. These metrics demonstrate SMIB's unwavering commitment to regulatory compliance and prudent financial management, underscoring the stability and resilience of its operations in supporting the nation's financial landscape.

The successful implementation of a new core banking system significantly improved efficiency, customer service, and revenue generation





CHAIRMAN'S MESSAGE





Sustainability remains a central pillar of the Bank's core values and its commitment to building a more inclusive and resilient future. A key driver of this progress was the successful implementation of the upgraded core banking system in 2024, which significantly enhanced customer service delivery and streamlined critical business processes.

In parallel, the Bank placed strong emphasis on improving service quality and the overall customer experience. Key initiatives included the upgrading and relocation of branch premises to enhance accessibility, as well as the introduction of integrated utility bill payment facilities to improve convenience and reduce transaction friction for customers and the wider public.

I continue to give the Board Report and the audited Financial Statements of the State Mortgage and Investment Fund (SMIF) for the fiscal year 2024 its greatest attention and personally identify myself as satisfied with the results. It is a joy to affirm the Board's continued commitment to maintaining the highest level of transparency and accountability in our operations. I remain deeply committed to

ensuring that the Board's oversight and the positive impact of an excellent global portfolio continues. The Board's continued support is essential to our success. I thank the Board for their support, including 100% approval of my nomination to the Board, and I look forward to the year ahead. I remain committed to the Board's



After success strengthened local confidence and as a result from our success overall ADR and primary capital which contributed positively to financial stability it is expected that 2023 would represent a year that continued to be robust, according to maintaining a solid asset quality in spite of rising interest rates, accommodative monetary policy responses to economic activities and stronger business confidence resulting in solid growth picking up as the forecast. Just like what the US Fed indicated early in 2023, a period of recovery with banks being more resilient to funding risks. Investors expected a growth forecast by 1.5% through 2024, under federal rate hike stabilization from bank, against backdrop of accommodative policy that also might increase market confidence.

The Banking business under continued improved performance in the year during the period under review. Total growth accounted as a result of increased lending to the private sector reflecting both stronger demand for credit and increased operational efficiencies within the sector. Meanwhile, asset quality also showed signs of gradual improvement as a result of policy to mitigate potential credit losses and reduce losses, applied credit risk to address the gap credit review was improved under highly probably and credit volatility to financial institutions, with the performance indicators reflecting the effective implementation of policy measures. Also in the Capital Bank, 2023 financial results, from the strong performance and the previous year, the increase in headcount and capacity under before that but also more.

In addition, that, if the previous year was also a financial landscape that called for highly capital and distribution. The year 2022 represented initial years. The bank, over the course, successfully had the courage to move forward in the expansion phase of the work cycle.

Guidance to Subsequent Periods **2023/24**

The Bank is well aware that the onset of the economic crisis had placed considerable increased reliance on potential capital and assets that it views that the strength of all stakeholders including shareholders, customers and employees are safeguarded.

The Bank, with limited self-funded by banking-related and in line with the strong risk management framework and proactive governance structure, sufficient resources to drive growth and stability with the confidence shown in mitigating uncertainty and

robustly being and after the economic crisis of 2023, the bank built on the solid performance in 2023 to be the volume of subordinated debt, especially in capitalizing a new core banking system.

Performance in a Nutshell

The progress in 2023 was indeed remarkable about meeting the strategic objectives and related improvement of policies, which demonstrated positive diversification and a stronger focus to loan development including digital banking services. It must be mentioned that after positive transformation in credit risk management program highlighted by financial statement, the bank continued to control regulatory strength, as evidenced by the strong capital and liquidity ratios, which was above the relevant regulatory requirements, as reflected in 2023 capital financial statements.

The bank delivered a respectable turnover in 2023, reflecting a profit after tax of \$1.502 billion compared to the 2022 after tax of \$1.204 billion. The strong performance continues the bank's success in strengthening its core banking operations, reducing cost, quality covering the global capital liquidity and operating cost management, with adopting a prudent lending strategy.

Net interest income increased by 47% as a result of a substantial increase in loan portfolio, interest expense reduced by 20% from the 24 billion in 2022 to the 20 billion in 2023, reflecting effective management and optimization of the bank's deposit base throughout the year. Non-interest income also recorded a significant improvement during the year, driven by growth by 300% in fee income from services provided to SME, primarily as a result of robust change implemented following the introduction of the new core banking system, besides the effectiveness of digitalized cost management and revenue diversification to control the net value of financial assets, reduced by 67% compared to the previous year, mainly due to a 17% reduction in net loan commitments. This decline was partially offset by a 60% increase in total financial assets and equity income, which further strengthened the bank's low-interest income performance.

In view of the above, the bank's total operating income improved by 27% to the 18 billion in 2023. Profit and capital was maintained on the bank provided a solid infrastructure and operational improvements. As a result, operating profit before tax rose 305% to 10.9 billion compared to 3.2 billion in 2022, with 100% increase in 2023. Through the bank improved a good job of the 100% return to 100%.



The Bank's ability to grow business activities while maintaining balance sheet stability was demonstrated by meeting growth remaining almost 50% against development activities and being supported by business restructuring measures. In 2009, the Bank's total assets increased by 28% to 64.14 trillion Baht, mainly due to a significant expansion in the loan portfolio, which rose by 36.38 trillion Baht. The Bank initiated a target-driven lending strategy aimed at achieving higher growth goals. The gross loan portfolio increased by 30.11 trillion Baht to 44.1 trillion Baht, representing a growth of approximately 60%, mainly due to a significant growth in the PPP-backed loan segment, which rose by 17%. The gross loan constant growth in 2009 reached 10.5% (average annual increase of 10.0% over the previous year, while previous loans declined to 9% (2008) (from 10% (2007) (from 10.5% (2006), reflecting tighter underwriting standards, caution lending to higher risk segments, and a strategy focus on macroeconomic indicators under lending. Thus, the loan-growth strategy was essentially balanced and required financing to expand significantly from while maintaining the ratio to previous and forecast loan segments. The bank also maintained the total requirement provision at 36.333.3 billion Baht or 56% of 64.14 trillion Baht (2008) (from 57.000).

The total deposits (including savings deposits and fixed deposits) amounted to 66.343.4 billion Baht, a 26% increase from 52.678.5 billion Baht in the previous year. The deposit base continues to be driven by fixed deposits, which showed a 31% increase over the previous year. This indicates continued demand confidence in the Bank's stability and long-term lending capability. Loans deposits including deposit withdrawal remained relatively stable at 66.343.4 billion Baht, reflecting consistent total system requirement and a strong inflow of low-cost, stable outside funds.

By the end of 2009, Bank's Liquidity Coverage Ratio showed a value of 107%, significantly above the minimum standard requirement of 100%, in terms of liquid financing (M3) required had 1 and the 1 capital ratio of 107% and 103%, respectively for the previous year. These figures significantly exceeded the regulatory minimum of 100% and are also higher than the industry average of 102% and 101%, demonstrating the Bank's strong capitalization and stability.

The 100% ratio is committed to its commitment to ensuring the country's progress. In addition, to continuously maintain the Liquidity and Capital Adequacy Ratio required by the State Bank of Thailand, the Bank continued to actively conduct its internal disclosure through regular contribution to

the financial institutions that provided the different of credit facilities, including M3M and a responsible corporate citizen dedicated to strengthening the national financial and social framework. In 2009, the Bank made a significant contribution to the government, paying a total of 66.343 billion Baht into the M3M and Social Security Levy.

Appointing Governance and Risk Management

The Bank continues to effectively maintaining the highest standards of corporate governance by building trust and integrity amongst our stakeholders, ensuring both accountability and transparency – we give it credit for the Bank was fully compliant with all relevant quality corporate governance standards, including 2009 requirements.

The Bank conducted a thorough review of its governance structure for 2009 as well with a view to ensure full alignment with global best practices. In the previous year, we started to build a stronger and clear dialogue between the Board and Management through the effective use of Board and Management Committees.

The Bank strengthened its risk management structure and processes in light of structural developments in global markets, indicators and forecasts are consistent across positions. We continue to expand our credit portfolio with regard to IT and digital services were the focus needed to be of increasing relevance to both financial institutions and customers.

Commitment to Sustainability and Service Excellence

in addition to its commitment to good governance, effective risk management and regulatory compliance, the Bank continues to be committed to an important operational consideration and a foundation for long-term stability and has extended our commitment to stakeholders and society. Sustainability is a key part of the Bank's core values and its commitment to building a more inclusive and resilient bank. Consequently, we have ensured that the internalization of environmental, social and governance (ESG) factors is an integral part of the Bank's operations. Further, included building and promoting culture around the core foundation of our ESG and development goals. To further enhance our impact, we have actively worked to strengthen and create awareness for welfare by making our enhanced accountability across all our activities.



Using its great credit volume, the Bank engaged effectively with clients and stakeholders to fulfill sustainable economy strategies in cooperation and consensus. It provides long-term solutions, sustainability in commitment to sustainable finance by adopting financial strategies to drive growth aligned with the country's environmental and social objectives.

The Bank also placed emphasis on credit quality improvement in addition to sustainable impact. Accordingly, steps were taken to increase credit and customer satisfaction through the expanding and activation of branch presence. The Bank also introduced integrated value for payments to increase bank of convenience by utilizing transaction facilities by customers and other clients. These efforts were recognized by the Bank receiving TopMBA Award (Big 250) in award of 10 leading banking companies. The Bank has also received self-regulatory credit assessment such as BBBB award 2023.

Looking ahead

The Bank is always open to new challenges or opportunities for innovation and to more efficient and sustainable ways of conducting operations. With benefit to our clients, strengthened by the Government, the Bank will be ready to address current, if necessary, unforeseen ahead with a customer purpose and determination, continuously re-evaluating strategies and identifying innovative ways to compete and flourish even in a dynamic environment with full transparency.

The Bank continues strengthening its position for robust growth through portfolio diversification, digital banking expansion, and the improvement of risk-related outcomes even as it navigates the sector and macro challenges. The Bank will continue investing in digital transformation and technology-driven solutions to enhance customer experience, operational efficiency, and service delivery. Such initiatives will not only contribute to digital transformation, but can be expected to generate long-term benefits through improved productivity, reduced operational costs, and enhanced competitiveness. In the coming year, the Bank will seek to further enhance service integration and personalization, to facilitate the introduction of public utility-oriented facilities with the GPM/OTC. The Bank will continue to integrate as a leading force in operations and customer banking.

The Bank also plans to increase loan disbursements with a strong focus on the SME sector to, in part, fit the market and the Government policy practices aimed at promoting inclusive economic growth, supporting

entrepreneurship, and strengthening financial infrastructure (including digital solutions, increasing credit provision, and adopting blockchain solutions), leading the Bank also to reduce processing timeline and enhance customer engagement. With strengthened profitability, improved loan quality, a solid capital base, and a clear strategic focus on business efficiency and sustainable banking, Bank is now positioned to continue to promote Mongolia's economic growth and contributing meaningful to the country's economic development with its technology-driven returns to stakeholders.

Our ability to pay customer accounts will remain unchanged. We will not just serve the SME, MSME and cooperative clients, but focus on impact and broader on growth through frequent provision and maintenance cost efficiency. We will further continue to continue to enhance the value proposition to our clients.

We look forward to the coming year with optimism, as always. We will continue to consider established practices even as we continue face new technical and business technological advancements. We will adopt better strategies and conduct research based our assessment to anticipate and mitigate future challenges. We will also continue to cooperate, partnership interaction with existing opportunities to address market to further expand our footprint. We will continue to focus on asset growth to enable us to more proactively fully contribute growth to the bank progress into the future, but not least, the Bank, guided by the Central Bank and the Ministry of Finance, will continue engaging stakeholders with the Pragma Bank to explore partnerships that are of mutual benefit to drive two-pronged 2023 overall financial performance.

And we extend our gratitude

The GPM/OTC, Bankers' Union by providing many of the vital facilities financing options, we have developed. Their continued trust means much.

We are grateful to the Board of Directors for overall advice as well as consistent support during the year 2023. I am also thankful to the Ministry of Finance whom guidance and advice have assisted us immensely. The Deputy Minister of Finance and Banking, the Deputy Ministry of Finance, the Governor of the Central Bank (OTC) leads including all staff of these institutions, the Ministry General and the Auditor General have also supported this labor support, ethics and activities to 2023. I am greatly appreciative and thankful.



Our employees have worked tirelessly to ensure the realization of strategic outcomes throughout the year. In doing so, they have shown a willingness to accept challenges and stepping out of their comfort zones to work on the toughest tasks. We must continue to not only be engaged in the institutions they serve, but also, the local, national and global markets and issues that affect them. It is the strength of our employees, a source not quantifiable in the financials, which makes it possible to have 2018 be the success story that it is, a success by human ingenuity in the management team, and behind each and every employee, whose strengths are translated into the figures you read in these pages.

Sincerely,

Michael J. Saperstein

Chairman



CEO'S MESSAGE





Our strategy will continue to focus on sustainable growth, operational excellence and innovation. Strengthening our digital capabilities will remain a key priority as we seek to enhance accessibility, improve service delivery and meet the evolving needs of our customers and also, we aim to expand our reach and deepen our contribution to national development.

The year 2024 marked an important step forward in BOC's growth strategy and in its continued strengthening of its overall financial system following a period of unprecedented economic challenges. The sector has begun to exhibit stability and confidence through disciplined policy implementation and cautious effort. With the steady business, financial institutions have had a vital role to play in supporting economic recovery, reducing risks, and creating sustainable growth.

For the first Mortgage and Investment Bank (MIB), the year marks a new milestone in a period of consolidation, initiation, and gradual expansion. Guided by a clear strategy, focus and supported by the dedication of our people, the bank strengthened its operational foundation while positioning itself to capture emerging opportunities in a growing economy. It is founded with confidence and optimism that I present the Annual Report and Financial Statement of MIB for the financial year ended 31 December 2024.

During the year under review, the domestic economy continued to stabilize despite ongoing global uncertainties. Regional financial markets gained recovery momentum as policy support for economic growth continued to a new landmark opening window for financial institutions. Loans and deposits growth were solid, revenues on non-traditional and business, with fiscal instruments, and

progress to reduce debt restructuring throughout several lines of operations.

With the endorsement of central financial sector diversified increasing confidence. With challenges, credit and higher confidence to be necessary. The central direction has been strengthened and has provided a strategic platform for financial institutions to address economic and confidence.

Against the backdrop, MIB continues to strengthen its operational foundation and strategic focus. Our priorities during the year revolved on maintaining financial stability, enhancing operational efficiency and positioning the bank for sustainable growth in the new era.

One of the key initiatives during the year was the continuous optimization of our leading services and digital bank. By gradually rolling out a more diversified retail service portfolio, the bank was able to reduce reliance on high-cost leading services while strengthening its healthy position. At the same time, we expanded outreach to underserved segments of the community, including women, children and low-income financial support programmes, providing our commitment to financial inclusion.

Operational improvements implemented in recent years also began to deliver meaningful results. The upgraded core banking system introduced in late



2022 significantly enhanced efficiency, strengthened financial reserves, and improved the overall customer experience. Investment in technology remains central to our long-term strategy, enabling the Bank to expand our efficiency, enabling customer operations and a rapidly changing financial landscape.

As a specialist development-related financial institution, IBS continues to play a leading role in, with national priorities. With funding from various of the Bank of our facilities, the Bank has better than during the year in financial and banking practice and support, broadly across, activity. We expanded support to the IMF sector and introduced our Banking Initiative. Further, we have recently signed a new strategic alliance, and have added agricultural activities, including various bank products. These activities are only further our impact but also contribute to reducing concentration risks within our banking portfolio.

The steady improvement in the Bank's operational performance during the year reflects the effectiveness of our strategic decisions and the commitment of our team. Strong financial performance, improved asset quality and a solid capital position have enabled IBS to continue to play a critical and sustainable financial institution with increasing social focus in discipline.

Looking ahead, we strongly will continue to focus on sustainable growth, operational excellence and innovation. Strengthening our digital capabilities will continue to play a central role in our business, enabling us to serve our clients better and meet the evolving needs of our customers.

As the years pass, we will continue to pursue our objectives through greater investments, innovation and careful resource management. These efforts will help us to better strengthen ourselves with ensuring that the Bank remains financially sound in an increasingly competitive environment.

Sustainability will also remain an integral part of our long-term plan. Through responsible investing practices, support for environmentally responsible projects, and the promotion of sustainable finance initiatives, IBS will continue to enhance financial performance with social and environmental responsibility.

Market expansion and diversification will remain important elements of our future growth strategy. By strengthening partnerships, diversifying our operations and leveraging our established strengths, we aim to expand our reach and deliver our contribution to national development.

As we look into the future, IBS remains fully committed to strengthening its role as a specialist financial institution that contributes meaningfully to the country's economic and social progress. By continuing to work proactively, embracing technology and deepening our customer relationships, we will continue to build a resilient institution capable of achieving long-term success in all circumstances.

None of the progress achieved during the year would have been possible without the commitment and collaboration of every individual and institution. I extend my sincere appreciation to our Chairman, Mr. Richard Thompson, and the Board of Directors for their guidance and leadership. I also wish to thank our valued customers and partners for their trust and support, and our staff for their dedication and resilience in 2022.

My greatest wish for the year is our continued financial strength and stability, and to the Government of the country as our steadfastly to its support. Above all, I would like to recognize the dedication and hard work of the entire IBS team whose efforts continue to drive the Bank forward.

Together, as we continue to strengthen IBS, we will continue to play a critical financial partner with contributing to sustainable development and to better growth in the future.

Richard Thompson
Chief Executive Officer



BOARD OF DIRECTORS



Chairman

Mr. Mthembu-Gonyea, **Mr. Mthembu-Kanyo**, **Mr. Mthembu-Dzandanele**, **Mr. Mthembu-Mthembu**

Executive Chair

Mr. Mthembu-Laba, **Mr. Mthembu-Mthembu**, **Dr. Jacobus-Peter**, **Mr. Tjebkruis-Duina**, **Mr. Mthembu-Dzandanele**, **Mr. Mthembu-Mthembu**, **Mr. Mthembu-Mthembu**



Mr. Mthembu-Kanyo

Mr. Mthembu-Mthembu

Mr. Mthembu-Dzandanele

Mr. Mthembu-Laba

Mr. Mthembu-Duina

Mr. Mthembu-Mthembu



Mr. Mthembu-Mthembu

Mr. Mthembu-Mthembu

Mr. Mthembu-Mthembu

Mr. Mthembu-Mthembu

Dr. Jacobus-Peter



DIRECTORS PROFILES

Mr. Mahesh P. Nanayakkara

Independent Non-Executive Director

Mr. Mahesh P. Nanayakkara was appointed as the Chairman of the Board of Directors of SBL on 01st October 2020. Mr. Nanayakkara is a distinguished financial expert with over 20 years of extensive experience in finance, banking and investment services in the banking sector. With his appointment as the Chairman of the Board, a wealth of knowledge in banking, strategic planning, and financial management to the role.

Throughout his career, Mr. Nanayakkara has held diverse roles, including Group Operations Administrator, and various local, domestic and overseas and multi-national positions. He currently serves as Group Chief, Global Finance, across all of Sargath Bank, also he was a chief executive of the Corporate Management team and the Board, Sybil of Victory Trust. His contributions were instrumental in shaping strategic initiatives, driving innovation, and creating operational excellence. He serves as a leader in the financial services industry and managed SBL, which has been consistently ranked amongst the best banks within the region. He is noted for his dedication to excellence and deep understanding of the banking sector. His vision has enabled the institution to a varied professional portfolio in various operational and technological growth.

His professional development includes participation in numerous international training programs, such as Leading Change and Organizational Structure Transformation Summit, Global and Executive Development Programs for General Management from the National University of Singapore, (NUS) Business School.

Additionally, Mr. Nanayakkara is an advisory member of the Institute of Directors of Sri Lanka (IOD), further enhancing his commitment to professional development and industry standards.

Mr. J. Maheshtha Weerasinghe

Senior Independent Director

Mr. J. Maheshtha Weerasinghe was appointed as an Independent Non-Executive Director of State Mortgage and Investment Bank on 01st September 2020.

Mr. Maheshtha Weerasinghe is a senior finance professional with over three decades of experience in accounting, financial management, and corporate governance. With locally and internationally he holds a Bachelor's Degree in Business Administration and a Master of Business Administration from the University of Sri Jayawardenapura. He is a Fellow Member of the

Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants (CIMA), and the Institute of Cost Accountants of Sri Lanka.

Mr. Weerasinghe currently serves as an Independent Non-Executive Director of Mahabul Bank, SBL, PLC.

He has previously held various senior corporate leadership positions, including Group Chief Financial Officer of M. T. Fellers PVT, Group CFO of S. P. Mendis Group (P) Holdings Group Finance Director of CIC Holdings PLC, and Chief Financial Officer of Mahabul Bank. He holds a BA degree in general business economics & financial management through master's thesis in FDI (2002) from Sri Lanka International University (SILU) and a Ph.D. from CIC Field, Sri Lanka International Study (SIL) and an M.A. from the University of Sri Lanka.

Mr. Aruna F. Nanayakkara

Independent Non-Executive Director

Mr. Aruna F. Nanayakkara was appointed as an Independent Non-Executive Director of State Mortgage and Investment Bank on 23rd January 2020. Mr. Nanayakkara's extensive career spans nearly two decades where he has expertise in operational risk management, banking operations, local and foreign currency processing, and regulatory compliance in the State of State Mortgage and Investment Bank.

Mr. Nanayakkara holds a Master of Business Administration in General Business Administration from Southern Cross University, USA and a Master of Science in Accounting and Finance from the University of Birmingham, Additionally he possesses his Planning and Finance, Executive Diploma in Business Administration, University of Colombo, Sri Lanka, Diploma in Risk Management, Institute of Bankers of Sri Lanka, Certificate in Treasury & Foreign Exchange Operations, Centre for Banking Studies, Central Bank of Sri Lanka. His professional qualifications include Certificate in Strategic Operations (SBL) in Financial Institutions from the Chartered Institute of Securities and Investment, CFI, specializing in Risk Management.

Over the course of his appointment, Mr. Nanayakkara held several senior leadership positions in various financial institutions, including State (through) Mortgage Operations Ltd, Local Credit Bank, SBL, SBL, SBL, holding an Operational Risk Management,



Osprey Global Manager - International, Global Fund (FC), Head of Sustainable Development, Social Impact Bank, Equity, M&A and Head of Cash Income and Finance Bank, Equity, Risk. In addition, he has extensive Special Acquisition & Transition skills acquired in Public Management Consulting Services. He holds a BA in Social Justice in Social Impact Bank (SIB) and has been awarded numerous/academic honours for Sustainable Risk Management in Social Impact Bank.

Mr. David Thompson is an accomplished professional with a wealth of experience in banking operations, risk management, and finance, having held key leadership roles in major financial institutions in both the UK and South Africa. His expertise spans risk management, operational oversight, and strategic banking solutions. He is a proven leader in enhancing financial systems and operational efficiency in his current role as an Independent Non-Executive Director.

Mr. Athol C. Gernsey - Independent Non-Executive Director

Mr. Athol C. Gernsey was appointed as an Independent Non-Executive Director of First Western and Investment Bank, with effect from 17 January 2024.

Mr. Gernsey brings with him over 20 years of bankable experience in the banking sector, with a focus on retail bank, credit management, and banking operations. He holds a Bachelor of Science (BSc) in Physical Science from the University of Stellenbosch and an MBA in Business Administration and Management from the same institution. Additionally, he holds a Diploma in Credit Management, a Postgraduate Certificate in Credit Management and a postgraduate diploma in Risk Management Institute of Southern Africa.

Mr. Gernsey oversees banking sector, upon a series of senior roles in National Energy Bank, which he contributed to the bank's growth and success in retail credit management and banking functions. His previous roles include: Deputy Global Manager (FCM) - Credit, Assistant General Manager (AGM) - Credit and Treasury Services, Assistant General Manager (AGM) - Retail Credit, and Assistant General Manager (AGM) - Retail Management Services.

With a strong foundation in retail banking, credit management, and strategic oversight, Mr. Gernsey brings expertise and contributes significantly to the bank's decision-making processes. He has been instrumental in National Energy Bank, particularly in increasing retail credit, risk, and compliance as a valuable asset to the bank's strategic and operational goals.

Mr. M. Tyrone A. J. S. Swain - Independent Non-Executive Director

Mr. Tyrone Swain was appointed as an Independent Non-Executive Director of First Western and Investment Bank, with effect from 17 January 2024.

With over 20 years of experience in the banking sector, Mr. Swain has developed a deep understanding of banking operations, branch management, and general management. His extensive career in both operational and managerial roles has equipped him with the expertise needed to contribute effectively to the strategic direction of the bank.

Mr. Swain holds an MBA in Business Administration, University of London Metropolitan, UK and a BSc in Business and Commerce, University of Zululand, KwaZulu-Natal. He holds a Diploma in Credit Management, Institute of Credit Management, and a Diploma in Management, Institution of Management.

Mr. Swain has held numerous positions throughout his career, with his most recent role being General Manager of M&A (FC) Holdings (FC) Ltd, where he has been serving since January 2023. Mr. Swain holds over 20 years of experience as a senior executive in various banking roles and has served as the Deputy General Manager - Operations, Assistant General Manager - Operations, and Regional Manager - Operations.

Mr. Swain's vast experience in branch management, operations, and general management makes him an invaluable asset to the board of First Western and Investment Bank. His leadership and management expertise, particularly in enhancing the operations of large banking networks, will be instrumental in driving the bank's continued success and strategic growth.

Mr. S. Ndlovu L. Winkamungu - Independent Non-Executive Director

Mr. S. Ndlovu L. Winkamungu was appointed as an Independent Non-Executive Director of the First Western and Investment Bank on 17 January 2024, bringing over 20 years of extensive experience in finance, credit, banking, and policy formulation. His distinguished career spans key roles in financial regulation, internal auditing, and management, with a special focus on banking oversight and strategic policy formulation.

Mr. Winkamungu holds a B.Sc. in Business Administration from the University of St. Augustine's. He has completed the Fellowship and Executive Registration in Institute of Financial Accountants, St. Louis and is a Certified Accountant.



Auditor (CA) of the Institute of Internal Auditors, (IIA), a Certified Financial Services Auditor (CFSA), Institute of Internal Auditors, (IIA) and a Certified Information System Auditor (CISA) Information Systems Audit and Control Association (ISACA).

Mr. Wickramasinghe has held several other prominent positions in Sri Lanka and abroad, contributing to financial governance and regulatory frameworks. He worked for the Institute of Chartered Accountants of Sri Lanka where he was responsible for ensuring Internal Audit Institutions, setting standards and assisting in public legislation to strengthen audit function and financial sector.

Mr. Wickramasinghe has held the positions of Assistant Bank Director, Bank Director and Chief of Policy Division of the Central Bank of Sri Lanka in his long career at the Central Bank of Sri Lanka. Mr. Wickramasinghe was one of the members of the Special Financial Institutions and Capital Adequacy Regulatory Authority.

With his vast expertise in banking regulation, internal audit, taxation and policy development, Mr. Wickramasinghe has established over a half century of rich heritage and business bank. His comprehensive knowledge and experience in accounting, audit, taxation, internal audit combined with his significant leadership experience position him well to contribute to the ICA's strategic direction and processes.

Mr. E. W. Ananda K. Singsinghe **Independent Non-Executive Director**

Mr. E. W. Ananda K. Singsinghe was appointed as an Independent Non-Executive Director of State Shipping and Investment Bank on 19th October 2022.

Mr. Ananda Singsinghe is an accomplished engineer and corporate leader with over three decades of experience in telecommunications, technology and business administration. He holds a BSc (Hons) (Eng), a BSc (Hons) and MSc (Communication/Engineering) with First Class Honours from the University of Western Australia and a Master of Science in Maritime Engineering from the University of Cardiff, UK. He is a Fellow of the Institute of Chartered Engineers, a Member of the Institution of Engineers, Sri Lanka, and a Member of the Corporate Society of Sri Lanka.

Mr. Singsinghe served as the Group Chief Executive Officer and Chief Executive Officer of Sri Lanka Telecom (SLT) SLT, leading the organization through a period of strategic transformation and digital transition. During his extensive career at SLT, he also held several

other leadership roles, including Chief Executive, E-Infrastructure Office, Project Manager, and Project General Manager.

He has served on the boards of several prominent institutions, including Sri Lanka Institute of Information Technology (SLIIT), United Investment and Real Development Company (URD), and Lanka Shanks Property Services (Lanka Shanks) Ltd. He has also served on the Board of Sri Lanka Telecom (SLT) Ltd, and State Shipping PLC Ltd, which are subsidiary companies of SLT.

Mr. Singsinghe brings to the Board a wealth of experience in engineering, digital transformation, corporate governance, and strategic management.

Mr. W. M. Ananda Sumanadasa **Independent Non-Executive Director**

Mr. W. M. Ananda Sumanadasa was appointed as an Independent Non-Executive Director of State Shipping and Investment Bank on 19th October 2022.

Mr. Ananda Sumanadasa is a former Director of the Institute of Chartered Accountants of Sri Lanka and holds a Bachelor of Science (Honours) from the University of Colombo, together with a Bachelor of Science Degree in Public Administration from the University of Sri Jayawardenepura. He boasts over 25 years of extensive experience in the financial and banking sector, holding leadership roles across strategic, operational, and governance domains.

He currently serves as Chairman and General Manager (Public Finance Services Division) (PFS) and has previously held several key positions, including Director and Chief Executive Officer of Assistant Finance Ltd, Director - Directorate of Another Leading Company Ltd, and Director of another (PFS) Ltd.

Mr. Sumanadasa has also contributed to the wider financial sector through his prominent roles as Chairman and Director of the Leading Institution of Sri Lanka, Director of the South Mountain Group of Sri Lanka, and member of several Central Bank-related committees. Notably, he served as Chair of the Management Panel by National Lanka Finance and as a member of the Management Panel of the Finance Company PLC, both appointed by the Monetary Board of the Central Bank of Sri Lanka (CBSL).

He currently serves as an Executive Member of the Sustainable Engagement Committee of the ICA, and previously served as an Elected Executive Member of the newly formed Committee by the Centre for Banking Studies (CBS).



Dr. K. M. M. Sibi

Independent Non-Executive Director

Dr. K. M. M. Sibi is a highly qualified and accomplished finance professional with over three decades of experience in the financial services sector, encompassing financial services, credit operations and strategic leadership. He has also worked as an Independent Non-Executive Director of Karnataka and Investment Bank on 14/11/2016/2018.

He has also worked in several reputed financial institutions and financial institutions. At the financial services and IBSI President (Chief of Accounts) Finance (CFO) formerly State Finance PLC, he successfully led the company's turnaround to profitability within the first year, despite the operational challenges of the COVID-19 pandemic. This is followed by served as the founding CEO and Director (Member of Board) PNB Finance Ltd and held senior management positions in leading institutions such as Punjab's leading well-known PNB, Muzhakkam (Bank Ltd) and Nippon Bank Ltd Bank.

Dr. Sibi further is a distinguished finance and banking professional with over 35 years of extensive experience in the financial services sector, covering finance operations, credit management, and strategic leadership. He is a Fellow Member of the Institute of Bankers of India (IBI) and a Member of the National Institute of Management Management (NIMM), etc.

With his deep industry expertise, strong teamwork capabilities, and comprehensive knowledge in finance, risk, and operations, his stellar qualifications enable sought-after strategic direction to the Board.

With extensive expertise in finance operations, credit management, risk and compliance, and strategic leadership, Dr. Sibi brings valuable insight, judgement, strength, and immediately access to the Board.

Dr. Aruna R. Kumbhakshya

Non-Executive Director

Dr. Aruna Kumbhakshya is an accomplished professional in the field of public finance, writing, and administration, with over three decades of experience in the public sector. He holds a Master of Financial Education from the University of Illinois at the State of Illinois (Ph.D.) degree in Public Administration, and a Postgraduate Diploma in Accounting and Financial Management from the University of Sri Jayachamarajendra, along with a Higher National Diploma (Accountancy) from Sri Jayachamarajendra College of Arts.

Dr. Kumbhakshya currently serves as the Director General of the Department of Management Skill of the Ministry of Finance & Planning in her last term February 2021. He also serves as a member of the Board in an advisory capacity including the Council of India, Karnataka Institute of Technology, The National Science Foundation, and the previously served as a Director of NISA, Government of Karnataka and the IBSI (now State Finance Bank).

She has also worked in several reputed financial institutions, including National Director General of the Department of Management Skill and Director of the Department of State Accounts.

Dr. B. Sangeeta S. Prasad

Non-Executive Director

Dr. Sangeeta Prasad is a visionary professional and senior public sector administrator with over 30 years of experience in financial development, social health, and agricultural management. He holds a Bachelor of Veterinary Science (BVS) from the University of Veterinary and Animal Sciences (UVAAS) and a Master of Business Administration (MBA) from the Postgraduate Institute of Agriculture University of Bangalore.

Dr. Prasad currently serves as the Additional Director General - Department of Animal Production & Health in the Ministry of Agriculture, where he is responsible for the overall coordination of Animal Development Initiatives. He has previously served as Deputy State Specialist and Deputy Director of the Department of Animal Production and Health, and as a Government Veterinary Surgeon in the Western and North Western Circles, contributing extensively to animal health, breeding, and animal services.

He has also completed several international training programs in animal services, herd management, herd health, and financial productivity in the field of animal health and welfare, which equips him with a comprehensive knowledge of sustainable financial management and agricultural development.



CORPORATE MANAGEMENT



Mr. D. S. Rajaratnam
General Manager (G.M.)

004 254 299 2100 | 004 254 299 2101 | 004 254 299 2102
004 254 299 2103



Mr. L. J. S. Seneviratne
Deputy General Manager

(Operations, Planning & Research Services)
004 254 299 2104 | 004 254 299 2105 | 004 254 299 2106



Mr. S. S. S. Seneviratne
Assistant General Manager
(Operations, Planning & Research Services)
004 254 299 2107 | 004 254 299 2108
004 254 299 2109



Mr. S. S. S. Seneviratne
Assistant General Manager (A.G.M.)
004 254 299 2110 | 004 254 299 2111



Mr. S. S. S. Seneviratne
Assistant General Manager (A.G.M.) (Planning)
004 254 299 2112



CORPORATE MANAGEMENT



Mrs. J. S. S. Saravithina
Executive Director Manager (Legal)
118 88



Mr. S. Rajaguru
Executive Director Manager (IT & IT Infrastructure)
118 88



Mrs. J. R. S. Anandhavan
Executive Director Manager
118 88



Mr. S. Ananda
Information Officer
118 88



Mrs. J. S. Anandhavan
Chief Executive Officer
118 88



Mrs. J. S. Anandhavan
Chief Executive Officer
118 88



SENIOR MANAGEMENT



Mr. R. Prasad Reddy
Chief Manager (Human Resources)
Operations
09846000000 | 9846000000 | 9846000000



Mr. J. Srinivasan
Chief Manager (Finance)
M & A (Acquisition) / Systems, Strategy
Research
09846000000 | 9846000000 | 9846000000



Mrs. J. Mohan Lakshmi
Chief Manager (Legal)
L & A
09846000000 | 9846000000 | 9846000000



Mrs. S. Srinivas Lakshmi
Chief Manager (Finance)
S & M (Acquisition) / Operations (M & A)
09846000000 | 9846000000 | 9846000000



Mr. J. Srinivasan
Senior Manager, Operations (Acquisition)
Research
09846000000 | 9846000000 | 9846000000



Mr. D. R. Srinivasan
Senior Manager, Operations (Acquisition)
Research Director
09846000000 | 9846000000 | 9846000000
09846000000 | 9846000000 | 9846000000



Mr. S. Srinivas Lakshmi
Senior Manager (Operations)
Operations
09846000000 | 9846000000 | 9846000000



Mr. J. Srinivasan
Senior Manager (Operations)
Operations
09846000000 | 9846000000 | 9846000000



CORPORATE GOVERNANCE

Corporate governance at the State Mortgage and Investment Bank (SMIB) embodies the principles of accountability, transparency, fairness and ethical conduct that enhance efficient management of resources and long-term value creation. As a Licensed Investment Bank, SMIB remains dedicated to upholding the highest standards of governance to ensure sustainable growth, financial soundness and the protection of stakeholders interests.

The Board of Directors, as the final decision-making body of the Bank, bears overall responsibility for overall direction, policy formulation and the financial stability of the institution. In discharge of its fiduciary duties, the Board ensures that the interests of depositors, creditors, employees, customers and other stakeholders are safeguarded at all times. The Board remains preoccupied with various matters in banking, finance, investment, risk management and internal controls, ensuring independent and balanced decision-making in matters of strategy, performance, and business activities.

The governance framework of the Bank (compliance, ethics, stakeholder, privacy, transparency and robustness) accountability across all levels of the organization. The Board ensures that operations are conducted lawfully and in compliance with applicable laws and regulatory requirements, including directives issued by the Central Bank of the United States, as well as internal policies and best practice standards.

The Bank's performance, policies and financials are comprehensively discussed by the Chairman, Board and by Senior Management (SMO) during sessions in the Annual Report.

Governance Principles

SMIB's governance principles is based upon accountability, integrity, fairness, regulatory compliance and full disclosure. These principles guide the Bank in conducting its business, thereby ensuring transparency with stakeholders and the public.

Accountability

The Board accepts accountability as a cornerstone of good governance. The Board retains and exercises the overall and ultimate Board's responsibility for the Bank upon the recommendation of the Board's Audit Committee. Board's decisions are subject to the federal financial Department and are justified by a timely process, accuracy, transparency and reliability.

Quarterly and Annual Financial Statements are prepared in accordance with Bank's guidelines and the Letter Financial Reporting Standards (LFRS), thereby enhancing public confidence. All regulatory requirements applicable to the Bank have been fully complied with during the past under review.

Fairness

As the leading bank in the State, SMIB is committed to treating all stakeholders equitably. Leading business standards also ensure careful evaluation of economic, investment, operations, financial, sustainability and responsible lending standards. Legal services are provided only as a last resort, with the Bank extending support to customers facing unforeseen difficulties in alignment with its development-oriented.

Transparency and Disclosure

Transparency and disclosure are integral to the Bank's governance framework. The Bank ensures accurate accounting practices, timely dissemination of material information and appropriate disclosure of any conflicts of interest. Capital adequacy ratios, key performance indicators, risk exposure and governance practices are disclosed through regular financial reporting.

All material information is communicated to relevant regulatory authorities and stakeholders promptly, without compromising accuracy or confidentiality.

During the past under review there were no critical party transactions reported.

Board of Directors

In terms of the State Mortgage and Investment Bank, Law No. 21 of 2019 (re-amended) takes effect as approved by the House of Congress. The Board comprises independent and non-executive Directors governing the Bank's operations, ensuring balanced and objective deliberations.

Changes in Board Composition During 2021

The following appointments and resignations took place during the past under review.

- Mr. J. J. Thompson was appointed to the Board on 01/01/2021 and assumed duties at Thermo with effect from 02/01/2021.



- **M. S. V. K. Fokuzinski** – appointed 08/12/2022, resigned on 01/01/2023
- **Paul D. B. M. Payne** – appointed 10/12/2022, resigned on 01/01/2023
- **M. S. S. Raddaimon** – appointed 02/01/2023, resigned on 01/01/2023
- **Dr. R. A. L. A. Samuels** – appointed from 01/01/2023, resigned on 01/01/2023
- **M. S. C. D. L. Shee** who had been serving since 01/01/2023 retired on 01/01/2023.

Five appointments during 2022 were as follows:

- **M. S. P. Newington** – appointed on 01/01/2022
- **M. A. C. Garraway** – appointed on 01/01/2022
- **M. B. T. A. L. T. Davis** – appointed on 01/01/2022
- **M. S. S. L. Puthumayyil** – appointed on 01/01/2022
- **M. A. P. Samuels** – appointed on 01/01/2022
- **Dr. R. L. S. Poon** – appointed on 01/01/2022
- **M. J. H. Woodson** – appointed on 01/01/2022
- **M. J. H. B. Samuels** – appointed on 01/01/2022
- **M. S. M. N. J. J. J.** – appointed on 01/01/2022
- **M. S. W. J. S. M. J. J.** – appointed on 01/01/2022

The Board met regularly during the year to deliberate on matters relating to strategic performance, risk and governance. The Board through the Board of Integrated Management (BIM) oversees all Board meetings but does not process voting rights. The roles of Chairman and General Manager (GM) are explained hereafter in a table together with their responsibilities.

Role of the General Manager (GM) Executive Officer

The General Manager (GM) Executive Officer (EMO) is appointed by the Board and is responsible for the day-to-day management of the Bank. The EMO oversees strategic planning, operations, Board approved initiatives and ensures that operations are conducted within the approved risk appetite and risk framework.

The EMO reports directly to the Board and is accountable for the financial and operational performance of the Bank. All management committees, working under his leadership, to ensure efficient execution of strategic objectives.

Board Sub-Committees

During the past twelve months, the Board strengthened its governance framework through the creation and expansion of Board Sub-Committees. In addition to its existing committees, two new committees were constituted to ensure robust oversight of key areas:

Board Sub-Committees in Operation During 2022

1. **Board Audit Committee (BAC)**
2. **Board Human Resources and Remuneration Committee (BHRWC)**
3. **Board Nomination and Governance Committee (BNGC)**
4. **Board Integrated Risk Management Committee (BIRMC)**
5. **Board Youth Committee (BYC)** – established in 2022
6. **Board Information Technology Committee (BITC)** – established in 2022

All committees operate under clearly defined terms of reference and report directly to the Board.

Board Audit Committee (BAC)

Oversees financial reporting, internal controls, compliance and the audit process. The Committee oversees significant accounting policies and issues key supply of financial statements.

Board Integrated Risk Management Committee (BIRMC)

Oversees credit, market, liquidity, operational and strategic risks. The Committee oversees that all exposures comply with approved limits and concentrations consistent with the risk appetite.

Board Human Resources and Remuneration Committee (BHRWC)

Oversees HR strategy, performance evaluation and remuneration policies for Directors, the EMO and Key Management Personnel.



Board Nominations and Governance

Committee (NOM)

Responsible for recommending appointments of Directors, No. 103 and Non-Management Personnel, issuing guidance relating to and monitoring appropriate Board composition.

Board Credit Committee (BCC)

Established in 2020, the Board Credit Committee oversees, amongst other things, credit portfolio, loan exposure and credit asset treatment. The Committee reviews and approves credit proposals with high-risk/complexity, involving alignment with the Bank's risk appetite and regulatory requirements.

Board Information Technology Committee (ITC)

Now established in 2020, the Board Information Technology Committee provides strategic oversight on digital transformation, IT governance, cybersecurity, data protection and technology risk management. The Committee ensures that IT investments support the Bank's strategic objectives with safeguarding information risk.

Management Committee

In line with Board guidance, the Board has delegated operational responsibilities to Management Committee (headed by the Chief Executive (CEO)). This includes:

1. Executive Credit Committee (ECC)
2. Asset and Liability Management Committee (ALM)
3. Marketing Committee (MKT)
4. Product Development Committee (PDC)
5. Legal & Recovery Committee (LRC)
6. Business & Retail Committee (BRC)
7. Executive Hospital and Management Committee (EHMC)

These committees support the effective management of credit quality risk, monitoring and periodic evaluation. Minutes of meetings are submitted to the Board to facilitate oversight and ensure alignment with strategic objectives and risk appetite.

Board management, including Board Members, participate in regular performance review meetings to monitor progress against targets and address operational challenges.

Under the direction and oversight of the Board, Senior Management carry out and manage the Bank's activities in a manner consistent with the business strategy, risk appetite, remuneration and other policies approved by the Board and accordingly the Board of the financial management Committee has the necessary resources, capabilities and capacity to manage the business and ensure that compliance and legal matters are correctly managed. It remains and plans the competencies and the up-to-date development of them in the areas of responsibility. Board Members participate in professional meetings with a view to being able to manage the business.

The Board of Directors of the Bank Mortgage and Investment Bank (MIB) is committed to maintaining a robust corporate governance framework that promotes transparency, accountability and prudent risk management. The enhancements made during 2024, including the establishment of the Board Credit Committee and Board Information Technology Committee, reflect the Bank's proactive approach to governance and high-risk activities.



CORPORATE GOVERNANCE REPORT

Annexure to the report on the final findings

S No	Issue	Complied	Remarks
1	Ultimate Responsibility and Accountability of the Board		
1A	Responsibilities of the Board		
1A	<p>Check the Board approval of the Bank's strategic objectives and targets under its www.bankbdl.com/strategic.</p> <p>Check whether the Bank has communicated the Bank's strategic objectives and targets under its website www.bankbdl.com</p>	Complied	<p>Corporate Plan was approved by the Board of Directors under No. 14/2024/02/04/01/24 and Board Minutes No. 24 of 14/04/24 at the meeting held on 14/04/24.</p> <p>Strategic objectives and targets under its www.bankbdl.com/strategic & by News Management Meetings. Such targets were communicated to social on 14/04/24.</p>
1B	<p>Check the Board approval of the overall business strategy of the Bank.</p> <p>Check that the overall business strategy includes the overall risk policy and management practices and conclusions and key risk indicators.</p> <p>Check that the overall business strategy contains measurable goals, in a clear and plain form.</p>	Complied	<p>Overall business strategy (Corporate strategy vision and the objectives) included in the Corporate Plan and it was approved by the Board, Board paper No. 14/2024/02/04/01/24 and Board Minutes No. 24/2024 at the meeting held on 14/04/24.</p> <p>The Bank has documented the overall business strategy including the overall risk policy and management practices and conclusions. Board has approved the policy on 14/04/24.</p> <p>The Corporate Plan 2024/25 was communicated through an Action Plan with goals and measurable targets were incorporated in the Action Plan for the year 2024.</p>
1C	<p>1) Check that the appropriate system is in place for the identified by the Board on product and on property investment.</p> <p>2) Check the suitability of the hypothetical that the duties and responsibilities are defined.</p> <p>3) Check whether the management and compliance has any responsibilities that define board led the duties.</p>		<p>The Bank has established strong risk practices through the Bank Integrated Risk Management Committee (IRMC), which operates under a three-year term of reference to ensure proper risk oversight, under the stipulated risk management framework, and ensure proper implementation of policies and controls.</p>



<p>b) Check whether senior staff bear the day-to-day responsibility for the use of funds.</p> <p>c) Check the CEO's approval of specific strategies with the strategy.</p> <p>d) Check whether the actions are properly identified and monitored by the risk appetite (consistent with requests to bank branches) and check whether there is no excessive provision to the Board of Directors.</p>	<p>Complied</p>	<p>The organizational structure clearly reflects the Board's view of Directors, with Risk Management and Compliance functioning directly to the CEO but without operational or asset responsibilities, with related bank activities independently to the CEO but with involvement in related line duties.</p> <p>The Board annually reviews and approves a Risk Appetite Statement (RAS) aligned to the bank's strategic objectives, including defined thresholds, underlying behaviors, and activities for risk transfer.</p> <p>The RAS also includes applicable provisions to major significant branches and properly reported to RRM, and also encompasses the relevant RRM activities, risk concentrations, emerging risks, and O&A measures to support short-term strategic business goals and ensure ongoing alignment between RM management and the bank's strategic direction.</p>
<p>e) Check whether there is a requirement for the Board to act collectively or significantly influenced by a director or a group of directors to a matter that is discussed or provided to the presence of the majority, majority, and the bank as a whole.</p>	<p>Complied</p>	<p>Agreement of the Board of Directors is conditioned to the written consent of the RAS Act, and all directors of the bank shall be considered Directors and required to attend all and proper decisions from the CEO.</p> <p>Accordingly, these provisions are present for the above-mentioned RAS Decisions.</p>
<p>f) Check that the Board has enacted and implemented a policy of communication with all stakeholders, including regulators, financial entities, shareholders and business.</p>	<p>Complied</p>	<p>The Communication Policy is used by the various offices communication with all stakeholders, including regulators, financial entities, shareholders and business.</p> <p>The revised Communication Policy has been approved by the Board on 20/03/2024 (Board No. 12/2024) - Board Paper No. 14/2024 (BPP/2024).</p>
<p>g) Check that the Board has reviewed the adequacy and the integrity of the bank's internal control system and management information systems.</p>	<p>Complied</p>	<p>Internal control system of the bank is governed by comprehensive framework, which covers governance, management, operations and third administration with Board approval. The Board has reviewed internal control system, procedures of audit the details.</p>
<p>h) Check the internal actions for managing related party exposures and writing off assets - if absent, the one who has related party transactions.</p>	<p>Complied</p>	<p>The Related Party Transactions Policy policy is part of the Credit Manual and LCC, whereby transactions to strategic customers, management to a director's business related party transactions only refer to the Board Paper 12/2024.</p>



4	<p>Check whether the Director's authority and duties covering plans are approved and to some extent by the Board.</p>	<p>Completed</p>	<p>Business Continuity Plan was reviewed and Board approved (included in the Board meeting held on 20th Dec 2024). Board Paper No. 20/2024/01/002.</p>
5	<p>Check the availability of the Board approved sustainability policy.</p>	<p>Completed</p>	<p>Formulation of the enterprise is done in accordance with the Board approved Collective agreement with the IAP's committee is guided by the HR approved and processes Board approved. Board paper number 10/2023/01/001 dated 04.12.2023 and the Director committee is guided by the HR Division.</p>
6	<p>Check that the Board has identified and designated key management personnel, a Chief Financial Officer (responsible for 1 of 2024 as per Bank Insurance Cap. Section 447 (1)(a)(ii)(iii)(iv) as 1 Director 2024 is subsequent contribution to the Budget for 2024/2025.</p>	<p>Completed</p>	<p>The Board of Directors, and the other governing executive functions, including the Chief Manager are defined in the Management Manual and have been recommended by the HR and approved by the Board.</p>
7	<p>Check the Board has defined the areas of authority and key responsibilities for the Board Director and the HRD Executive Officer (HR) and for the key management personnel.</p>	<p>Completed</p>	<p>Director's powers and authority defined in HRD manual of HR under the business Director have been specified in Board call Committee by the Board of Directors and Chair HR of HR committee define responsibilities.</p> <p>HRD's authority and responsibility as listed in their job description, HRD Manual, the areas of authority and key responsibility are Board Director & HRD.</p>
8	<p>Check that the Board has retained appropriate oversight of the affairs of the bank by (1) key management personnel but is consistent with Board policy, Board strategic objectives.</p>	<p>Completed</p>	<p>The Board retains the performance of the Bank operates through business Plan and various reports from Board & Management as financial reporting, internal control, risk management and other relevant matters delegated to their Committee. The Board call Committee are governed by the Board approved Board Performance.</p> <p>Further HRD's work reports presented in the meeting could have given a better management insights. Progress of the plan also is presented quarterly at the Board meeting.</p>



a) Check that the Board has periodically assessed the effectiveness of the Board of Directors' own governance practices including: 1. By extending constitution and structure of Directors, CEO and key management personnel 2. Management structure of various units 3. Identification of weaknesses and implementation of improvement plan necessary	Completed	<p>Subjective, qualitative and objective of the Board of Directors are done by the Board according to the 2023 Law Audit of the Board on Governance received from the Ministry. The Board Governance Committee evaluate the suitability of the structure to be reported to the Board and concerned Board to be reported.</p> <p>Director confirmed in their self-evaluation letter that the Board has undertaken several activities of its own governance practice.</p> <p>The effectiveness of the Board is assessed through a questionnaire. Board has taken a decision to audit the implementation of Board decision.</p> <p>MPs of the bank are awarded as per Board approved MP Policy and Scheme of Incentives (2023) with 2023 year approved.</p>
c) Check the Board subject to advice of self-assessment to be undertaken by each Director annually and submit report of such assessment.	Completed	Board members have completed the self-assessment for the year ended 31.03.2024.
d) Check that the Board has a Committee plan (MP & CEO)	Completed	A Compensation Policy for the year ended December 2023 by MP's was approved on 08/06/2023. 2024.
e) Check that the Board has adequate regular meetings with CEO for key management personnel to review policy, monitor communication, flow and control program, overall business performance	Completed	In such meeting with the CEO/Management being attended and through that the Board has established communication flow and control program through various channels, MP's and regular communication/ assessment for clarification on the matter, subjected points.
f) Check that the Board has other measures and processes to keep abreast of market changes. The regulatory environment will ensure that the bank continues an effective relationship with regulator.	Completed	<p>The Compliance Office is being shared with it. They will be effective relationship with regulator and Compliance Office is an independent function under BSRIC as per direction given in the Corporate Governance Manual.</p> <p>All changes in regulatory environment are identified as soon as they are communicated by the relevant regulator.</p> <p>Forcing the Compliance Office under the Board of NIG Management report on the status of the compliance requirements, particularly in BSRIC.</p>



1	Check for the Board has a process in place to monitor and align on the strategy and oversight of administration.	Not	Audit Committee has approved a set of performance indicators for the Management Performance Evaluation that are in line with the provisions of NSESE Code of the Governance of the Securities Exchange Board of Sri Lanka and section number 13 of the National Audit Act No. 2 of 2009.
4	Check whether the bank has developed a system to identify and retain financial or non-financial benefits including revenues, gifts or favors from its employees, customers, suppliers, shareholders, or any other stakeholders of the bank.	Complied	The company's internal and HR policies contain policies and guidelines governing employees from handling their gifts from financial institutions. This, along with a whistleblowing policy and a dedicated channel for the complaint to the bank to get information on such incidents.
4	Check the suitability of policies and procedures in relation to an ethical and self-governance.	Complied	Self-governance policies and regulatory policies are in place. Policies and procedures are available to ensure conduct of employees is ethical and professional at all performance, values, continuously best practice.
4	Check the disclosure of related parties in the CSD's statutory financial reports.	Complied	Related parties are stated at quarterly BSMF and listed earnings for statutory information release.
6	Check the approval of whistleblowing policy and its content.	Complied	Bank approved policy is available. Head Office No. 10000200.
4	Check the bank's systems, controls, systems, accountability and ensure the policies are in place to avoid addressing the corruption, fraud, bribery and money laundering.	Not complied	The bank has policies in place for bank reporting, money laundering and other offences and compliance at BSMF for assessment process.
22	<p>Appointing Directors and CEO</p> <p>1. Check that the Director appointed by shareholders to the Board is an Officer (CEO)</p> <p>2. Check that the functions and responsibilities of the Director and the CEO</p>	Complied	<p>1. According to the BSMF and Section 104 Section 101, the Director has been appointed by shareholders. The General Manager/CEO has been appointed by the Board of Directors.</p> <p>2. The functions and responsibilities of the Director and the CEO which are in line with the BSMF act and the provision of the CSD, Corporate Governance Code No. 01/2008.</p>
22	<p>Board Meetings</p> <p>Under the Board has met at least twice every a financial year or approximately monthly intervals attending Board meeting directly either in a full physically.</p>	Complied	<p>The Board has met at least during the past 12M, 12 meetings, has been held approximately in monthly intervals and 1 Special Board Meeting. The meeting has reported by presentation to Director to audit in the operations of the bank.</p> <p>Board records register and minutes documents register are available.</p>



14 Board Procedures			
14.1	Check that the Board has a procedure in place to enable all Directors to include written and oral comments in the agenda for regular Board meetings where such matters are proposed to be presented at such meetings, with management and members of employees of the Bank.	Completed	The nature of the meeting and agenda for the meeting disclosed in all disclosures for the Secretary at least seven days prior to the meeting to enable reasonable time to study materials incorporated. Accordingly, written and oral comments to the provisions of business and the management of the affairs of the Bank is discussed by the Board at meetings.
14.2	Check that the Board has given notice of a least 7 days for a regular Board meeting to enable all Directors to appropriately comment on the agenda items at Board meetings commencing with the last day.	Completed	Written notice to the meetings are being used to Directors at least seven days before the day. Proposed agenda is being sent to each director of the Board which is signed by the Board Secretary with the approval of the Chairman of Board at least seven days prior to the meeting.
14.3	Check that the Board has taken required action on directors who have not attended at least two-thirds of the meetings in the period of 12 months immediately preceding the commencement of the financial year ending. Non-attendance meetings will not qualify as the director's meeting through an electronic device, however, to be acceptable as attendance.	Completed	The Director have attended the meetings as required and hence, no such requirement has been arisen.
14.2 Approving a Company Secretary			
14.1	Check that the Board has approved a company secretary who satisfies the provisions of Section 41 of the Banking Act where primary responsibility shall be to handle the secretarial matters in the Board and facilitate meetings as well as other functions specified in the articles and regulations.	Completed	The Board has appointed the Secretary to the Bank in accordance with the article 41 of the Banking Act No. 2007/2008.
14.2	Check the process to enable all Directors to have access to global and services of the company secretary.	Completed	The Board has set up a separate Board Secretariat and created a qualified person as the Board Secretary. All Directors have access to website and other services of the Board Secretary.
14.3	Check the Secretariat and Governance Committee members and directors whether any training courses are allocated to Directors and report to the members.	Not Completed	Training were conducted during period under review but there were not noted at a BMC meeting.
14.4	Check that the Company Secretary maintain the records of Board meetings and that it is a process by the directors or regulator to report automatically.	Completed	All the minutes of the Board meetings are filed accordingly and kept under the Board Secretary's authority. If any items are directed that have access to any information regarding the Board meetings.



<p>11. Assessment of Board Meeting Minutes</p> <p>Check the minutes of the Board meeting, online or refer to the following:</p> <ol style="list-style-type: none"> a. Accuracy of date and identification used by the Board in its deliberations. b. Accurate accountability for Board. c. The last meeting discussion and the issues at consensus or dissent which may indicate whether the Board was carrying out its duties with discussion and resolution. d. The minutes which indicate compliance with the Board's strategies and policies and actions to address these and resolutions. e. The accountability of the Board to which the Board is required to, and an overview of the full management process, output and the actions and their resolution. 	<p>Complied</p>	<ol style="list-style-type: none"> a. Accuracy of date and identification used by the Board in its deliberations. b. Minutes recorded are included in the Board's minutes and the minutes. c. The last meeting discussion, which is presented to the Board. d. The minutes taken are in line with the Board's strategies and policies and actions to address these arrangements. e. The minutes are taken recording the full management process adopted by the Board.
<p>12. Ministry of Education/Professional Advice</p> <p>Check that there are arrangements by the Board to enable directors, senior management, to seek independent professional advice in appropriate circumstances, at the Board's expense.</p>	<p>Complied</p>	<p>A Board agreed policy to obtain independent professional advice in appropriate circumstances, which includes the following: that the Board (through senior management) provides.</p>
<p>13. Managing Conflicts of Interest</p> <ol style="list-style-type: none"> a. Check that there is a procedure to identify, report and resolve appropriate or the ability to identify and resolve conflicts of interest, or the appearance of conflicts of interest. b. Check that a director has obtained the relevant or any Board resolution to declare to which facility or any of the Board (the director or a director to which a director has substantial interest, is reported and that the staff will be treated in the process by the director against them at the Board meeting. 	<p>Not Complied</p>	<p>There is no arrangement.</p> <p>No conflict resolution taken place in your main system.</p>



12	<p>Check the approved policy measures by means of economic and social indicators:</p> <ul style="list-style-type: none">a) a Board member's duty to promptly identify any matter that may qualify or has already qualified as a conflict of interest;b) a Board member's duty to avoid, to the extent possible, activities that could create conflicts of interest or the potential conflict of interest including political activities;c) situations where conflicts may arise with strategic relationships;d) a Board member's responsibility to disclose their participating in transactions, or any Board decision or action to which conflict, or any of such conflict, relates or is expected to relate to the fact that individual interest is considered a conflict;e) the measures to be taken for the event of any such conflict with integrity.	Not Completed	<ul style="list-style-type: none">a) No such case which requires disclosure has been identified;b) No such case which requires disclosure has been identified;c) No such case which requires disclosure has been identified;d) No such case which requires disclosure has been identified;e) No such case which requires disclosure has been identified.
13	Agreement to follow voluntarily to non-obligations		
	<p>Check that the Board has not been informed by directors or Board members of the situation of the Bank with a view to taking any decision or action, if it considers that the provisions in Article 209 of the Law on a Bank to be unable to meet its obligations or is about to become insolvent or is about to suspend payments, for its creditors and other creditors.</p>	Completed	No such situation has not occurred.
14	Compliance with Prudential Requirements		
	<p>Check that the Board has the best capabilities of Bank as required in terms of the capital adequacy ratio and other prudential requirements imposed by the ZBR.</p>	Not Completed	We put the updated financial statement to the Board and the list of minimum regulatory capital of the Bank amounting to 100 million EUR in the amount stated in the statement issued by the Bank. Minutes of the Board has passed approved to accept ZBR's new Prudential Requirements regulatory.
15	Annual Corporate Governance Report		
	<p>Check that the Board publishes in the Bank's Annual Report or Annual Corporate Governance Report telling on the compliance with these indicators.</p>	Completed	Completed with Annual report of the Bank including that area and Annual report to depositors. <p>The Board publishes the annual Corporate Governance Report telling on the compliance with ZBR's directives.</p>



Board's Composition		
20. Procedures for appointing Directors		
<p>1. Check the format and appointment procedure for the appointment of the new directors for the Board.</p>	Completed	1. Appointment of Directors was done by the Minister in accordance with the 2018 Law No. 661 of NCA, Corporate Governance Circular No. 20 of 2018 and the implementation of proposed reform of new laws.
<p>2. Check the Board approval mechanism for the Board members.</p>	Not	2. According to the provisions of the 2018 Law No. 661 of NCA, the appointment of a non-executive director is not required.
<p>3. Check the procedure for the appointment of new directors of the Board.</p>	Completed	The appointment of Directors was done by the Minister in accordance with the 2018 Law No. 661 of NCA, and the implementation of proposed reform of new laws.
21. Number of Directors		
<p>1. Check the number of directors on the Board which defined by the Law 1 and not more than 12.</p>	Partly completed	Board consists of eight (8) independent Non-Executive Directors and three (3) non-executive directors.
<p>2. Check the Board composition during the year 2018 (2017 for female representation).</p>	Not Completed	There was no female representation on the Board as of 31st 2018.
22. Executive Director		
<p>Check that the number of executive directors, including CEO does not exceed one-third of the number of Directors of the Board.</p>	Completed	There were no executive directors on the Board.
23. Non-Executive Directors		
<p>Check that the Board has a process for appointing independent Directors.</p>	Not	No separate process. The appointment of Directors was done by the Minister in accordance with the 2018 Law No. 661 of NCA, and the implementation of proposed reform of new laws.
24. Independent Directors		
<p>1. Check that the Board has a fixed half of the total number of Directors held by independent non-executive directors. Current laws half-comply with this (the law requires 100%)</p>	Completed	All directors are Non-Executive Directors and more than half of the total number of Directors are independent non-executive directors.
<p>2. Check if non-executive directors can be considered independent if they:</p>		
<p>a. Hold a share and related controlling shares that 1 per cent of the total.</p>	Completed	a. None of the directors of the Board hold shares of the bank.
<p>b. are involved in any business transaction with the bank as described in Article 123 of the law, exceeding 10 per cent of the registered capital of the bank.</p>	Completed	b. Not involved in any business transaction with the bank during the last two years.



1. Has the bank employed by the bank during the two-year period immediately preceding the appointment as Director?	Completed	1. None of the Directors were employed during the two-year period immediately preceding the appointment as Director.
2. Has he had a close relation with a director of the bank or a member of the management (including a retired shareholder) of the bank in another bank. The close relation, a "close relation" shall mean the spouse, or a dependent child.	Completed	2. No such connection was reported.
3. Represents a specific subsidiary of the bank.	Completed	3. Did not represent a specific subsidiary of the bank.
4. Is an employee or director or consultant shareholder of any a company or institution, including a company or institution registered.	Completed	4. None of the Directors holding other listed shares.
5. Is not currently holding a directorship with the bank as defined in Section 22 of the Companies Act, 2008, or any other listed company or institution registered in the bank, or	Completed	5. None of the Directors holding other directorships.
6. Is an officer of the other director of the bank or employed in any Director or any related institution.	Completed	6. None of the Directors holding other directorships.
7. Is not in the appointment recommended by the National credit authority, or	Completed	7. None of the Directors holding other directorships.
8. In which any of the other Directors of the bank have a connection as defined in Section 22 according to paragraph 1 of regulatory capital in the bank.	Completed	8. None of the Directors holding other directorships.
9. Check whether the individual is currently or has been during the period of two year immediately preceding the his appointment as Director, serving as a consultant officer or principal consultant officer in the case of a listed company, according to the bank, and	Completed	9. None of the Directors holding other directorships.
10. Check whether the individual is currently or has been during the period of two year immediately preceding the his appointment as Director, serving as a consultant officer or principal consultant officer in the case of a listed company, according to the bank, and	Completed	10. None of the Directors holding other directorships.
11. Check whether the individual is currently or has been during the period of two year immediately preceding the his appointment as Director, serving as a consultant officer or principal consultant officer in the case of a listed company, according to the bank, and	Completed	11. None of the Directors holding other directorships.



1.1 Representative through Alternate Director		
1) Check whether the company has appointed an alternate director. If yes, confirm whether such appointment is allowed in the Articles.	Complied	No alternate director was appointed.
2) In the event an alternate director was appointed to represent an independent director, check the process that appointment used the criteria that applies to the independent director.	N/A	
3) Check whether the appointing instrument of the bank was appointed as an alternate director is another qualifying bank director of the bank.	N/A	
4) Check whether an individual appointed as an alternate director is one of the directors or appointed as an alternate director to another director to the same bank.	N/A	
2.2 Consent to the Board Meeting		
Check the attendance register of the bank to verify presence of all of the directors and out of this register none from NPA should be left unaccounted director. If meeting of the Board shall not be duly constituted although the number of directors required to constitute the quorum at such meeting is present, unless more than one kind of the number of directors present at such meeting are independent non-executive directors. The bank shall comply with the Articles by such date.	Complied	None from NPA of the directors are independent director.
3. Activity of Directors		
3.1 Criteria to Assess Interest and Strategy		
Check the prior approval of the Director of Bank Supervision shall be obtained for share and property.	Complied	Prior approval by Board and majority of the Director of Bank Supervision has been obtained for all share appointments.
3.2 Additional Requirements for Suitability of Directors		
1) Check that the age of a person who serves as director does not exceed 70 years.	Complied	Checked and found through the declaration.
2) Ascertain that the total number of director of a director who have a director who holds the position of CEO or key management personnel position, does not exceed six persons.	Complied	Actual Director are below the age of 70. None of the Director have exceeded six persons total number of director.
3) Check the person who holds office as director of more than 10 companies including subsidiaries by virtue of which he or is member or director of the bank.	Complied	No director holds office as a director of more than 10 companies including subsidiaries.
4) Check Director shall have sufficient time to carry out the responsibilities as a director of the bank.		sufficient time to carry out the responsibilities as a director of the bank.



6.1	Existing Audit Period		
	Check whether there is a cooling off period of six months prior to an appointment of any person as a Director, CEO of the bank, who was previously employed at a CSD or a Director of another bank.	Completed	No appointments occurred during these six months, which violate the stated provision.
6	Delegation of Functions		
6.1	Division of Responsibilities		
	Check the SA Statute of the Board and key management levels.	Completed	There are Board approved delegated reporting authority matrix submitted to the Board and CSD. Board Member for Governance.
6.2	Specific Matters for Board Decisions		
	Check the NCR of the Board on the disclosure of interests of the bank's subsidiary.	Not Completed	No Board acts according to the CSD Act No. 11 of 2008 and CSD's Statute.
6.3	Board Powers to Delegate		
	Check the Board that not delegate any matter to a Board committee, CEO, executive Director or key management personnel to an extent that such delegation would significantly weaken or reduce the ability of the Board as a whole to discharge its functions.	Completed	Board has delegated its Authority to a key staff the provision in the CSD's Act and such delegation have been done via Board instructions, management instructions, key management process in the extent of the subject in the 170 and 184 subject in the respective policies, procedures manuals and internal control.
6.4	Review of Delegation Process		
	Check that the Board reviews the delegation process in place on a periodic basis to ensure that the actual subject to the scope of the bank.	Completed	No Board has a formal procedure on reviewing of delegation on an annual basis determined with such policies & NCR.
6	The Independence and ITD		
6.1	1. Check the objective management of the bank's business by CEO in line with Board approved strategic objectives, corporate values, overall risk policy and key management provisions.	Completed	The CEO leads the bank by management of the bank in line with Board approved strategic objectives, corporate values, overall risk policy and key management provisions.
	2. Check the role of Chairman and ITD is equitably and performed by the same individual.	Completed	Chairman of the Bank and the CEO are two different individuals and both roles are separate.
6.2	Reliability of the Chairperson		
	1. Check that the Chairperson is a non-executive director in the bank where the Chairperson is not an independent Director check that the Board designate an independent Director as the most suitable for a period not exceeding one month with suitable remuneration terms of reference.	Completed	1. Chairperson is a Non-executive Director, Mr. Mkhondo Mkhondeni has been appointed as the Senior Independent Director.



<p>1. Check that the objectives of the committee be disclosed in the Board's Annual Report.</p> <p>2. The Director's responsibilities that are a primary meeting in the Chairperson such director may continue to serve in the Chairperson in a further periodical beyond 2020/2021 subject to applicable laws and regulations, including Section 4.</p> <p>3. Check a Chairperson appointment after the effective date of the Director's resignation appointment was successful Director.</p>	<p>Completed</p> <p>NA</p> <p>NA</p>	<p>1. Discussed the Terms of Reference will be disclosing the Board's Annual Report.</p> <p>2. Refer to the compliance.</p> <p>3. Refer to the compliance.</p>
<p>2.2 Responsibilities of the Director</p>		
<p>11. Check the Board has a self-evaluation process when the Chairman:</p> <p>(a) provides leadership to the Board, and ensure the Board works effectively and fully discharge its responsibilities.</p>	<p>Completed</p>	<p>There have been conducted self-evaluation made by the Director in accordance with the term of Section 41 of the Listing Act.</p> <p>Self-evaluation process had been conducted by the Board.</p>
<p>12. Check that the Board works effectively and discharge its responsibilities and ensure that all key and significant issues are discussed by the Board in a timely manner.</p>	<p>Completed</p>	<p>All issues discussed and resolved in agreement in the Board Meeting are recorded in the Board Minutes.</p>
<p>13. Check that a formal agenda is circulated by the company secretary approved by the Chairman.</p>	<p>Completed</p>	<p>The agenda was circulated and discussed by the Board Secretary with the approval of the Chairman.</p>
<p>14. Check that the chairman ensures through timely interventions that all directors are properly briefed on issues arising at Board meetings.</p>	<p>Completed</p>	<p>The Director are properly briefed on issues arising at the Board meetings and Board papers are distributed to Director's relevant to report to the Board meetings.</p>
<p>15. Check that the Board has a self-evaluation process that encourages all directors to make a full and other contribution to the Board's plans and the reasons why the full Board is the best interest of the Bank.</p>	<p>Completed</p>	<p>Self-evaluation process has been carried out to assess the contribution of the Non-executive Director by the Board in 2018.</p>
<p>16. Check that the Board has a self-evaluation process that assesses the contribution of the executive Director.</p>	<p>Completed</p>	<p>Self-evaluation process has been carried out by the Board in 2018 and 2019 assessed the contribution of executive Director.</p>
<p>17. Check that all directors to make critical and constructive discussion of the Board meetings and ensure that dissenting views are fully expressed and discussed with the full Board and management.</p>	<p>Completed</p>	<p>The directors contribute to the critical discussion of the meetings and ensure that dissent fully.</p>
<p>18. Check that the chairman engages in written meeting that requirement of the Management Personnel in any other suitable after minutes.</p>	<p>Completed</p>	<p>The Chairman does not engage in written meeting that requirement of the Management Personnel in any other suitable after minutes.</p>



2	There has been a process to submit/obtain communication with shareholders, but the delay of distribution to shareholders is not clear.	Complied	Question has the 10% ownership of the bank and all shares are approved by the relevant law thereby the treasury responsibility is a bank's responsibility of the bank.
3a	Number of DDO		
	a. There has been the DDO has been named as the open accounts in charge of the day to day management of the bank's operations and business shall not hold any other accounts functions.	Complied	a. The DDO has been named as the open accounts in charge of the day to day management of the bank operations and business. He does not hold any other accounts functions.
	b. There DDO shall not be appointed or considered as an employee or a director of another financial bank or any other company/institutionally owned or a government agency or a subsidiary or an associate company of the financial bank.	Complied	b. The DDO is not an employee or a director of another financial bank or any other company/institutionally.
3b	Industry of DDO		
	There has been appointed as DDO shall be relevant paper requires to hold such position in terms of Section 494, and Section 495 of the Banking Act, and also possess sufficient skills, skills, knowledge, competence, performance in various banking functions.	Complied	DDO, appointed in the branch and properly skills applied as a DDO of a bank has been obtained for the appointment of the DDO.
4	Board Composition		
4a	Requirements for the Board Composition		
	Each financial bank shall have at least five board members as per rule 10 Section 41, 42 of Banking Act.	Complied	Bank has complied following board composition:
	a. Each committee shall report directly to the board.	Complied	a. Board Audit Committee (BAC)
	b. Board shall not be authorized to deal, transact, and in particular exercise the authority for the authority to act on behalf of the board or singly for the authority to exercise a particular transaction report back to the board with recommendations.	Complied	b. Board Values, Business, and Governance Committee (BVBGC)
	c. Each committee shall have a Chair appointed from a Director.	Complied	c. Board Nominations Committee (BNC)
	d. All committees shall appoint a secretary to take all charge for meetings and maintain minutes records in addition shall under the supervision of the Chairperson of the committee. The records of all committees shall be submitted to the Board.	Complied	d. Board Strategic Risk Management Committee (BSRMC)
			e. Board Information Technology Committee (BIC)
			f. Board Credit Committee (BCC)



<p>4. The names of each committee shall consist of at least half of its committee members.</p>	<p>Completed</p>	<p>4. Each Board Administration requires names are directly addressed to the Board.</p>
<p>5. The Board shall present a report on the performance of each committee, on the dates and rates at the annual general meeting.</p>	<p>Completed</p>	<p>5. Board has set out the authority of each committee to the Board approved TOR throughout all its TOR documents.</p> <p>6. Each Board Administration has a Board approved TOR.</p> <p>7. The Committee has appointed a Secretary to each committee for the required purposes.</p> <p>8. The names of each committee shall consist of at least half of its committee members.</p> <p>9. The Board has disclosed details of all Board Sub-Committees including the composition, roles, skills and performance requirements.</p>

3.2 Audit Committee

<p>4. Check that the Chairman of the committee is an independent director with prior chair of the Board or any other Board committee and shall possess qualifications and experience in finance, accounting or in a field with a membership of a recognized professional Accounting body.</p>	<p>Completed</p>	<p>The Chairman of DAC was and independent non-executive director and has necessary qualifications and experience that the meetings of the committee chaired by Mr. Nandini Wickramasinghe and Mr. Nandini Jayaratne met required Chairman of the Committee with effect from meeting held on 1/10/2016.</p> <p>Qualification of DAC, skills, relevant qualifications:</p> <ul style="list-style-type: none"> - N.S. Nandini Wickramasinghe - University of Kelaniya - Nandini Jayaratne - University of Kelaniya - P.D. Jayaratne - Chartered Accountant of Sri Lanka - One of past of experience in finance field.
<p>5. Check that all members of the committee are non-executive directors and with a majority of independent directors.</p> <p>The members shall possess a relevant balance of skills and expert knowledge in finance, accounting and auditing comprehensive with the audit, directly and independently operations of the bank.</p>	<p>Completed</p>	<p>Board Staff Committee consists of 3 members. Out of two are independent non-executive directors and one is a non-independent non-executive director.</p> <p>The members have a balance of skills and expert knowledge in finance, accounting auditing and auditing.</p>



11	A majority of the members of the Committee shall not be constituted by the members of the Board of Directors and Management Committee within one year.	Complied	None of the Directors are members of the Board of Directors and Management Committee.
12	Check that the committee has made arrangements, in order to ensure that: <ol style="list-style-type: none"> the appointment of the external auditor for each period to be audited is compatible with the relevant legislation; the independence of the External Auditor is ensured, in accordance with the relevant legislation; the independence of the external accounting consultant and the relevant period will be not any suspension or dismissal of the external auditor granted for the engagement of the external auditor shall not extend to past, and that the particular half period is never engaged to the auditors (in case of) the company. 	Not Applicable	<p>1. The External Auditor is the Auditor General who has been appointed by resolution of the Board of Directors of State Mortgage & Investment Bank of Latvia in accordance with the provisions of the Law of 2019, and within member 11 of National Audit Act No. 1 of 2019.</p> <p>2) The SAC makes arrangements in order to ensure that:</p> <p>2) shall - committee has made arrangements on the audit for periods.</p> <p>Not relevant. According to the 1998 Law No. 1 of 1998, Auditor General is the external auditor of the Bank.</p>
13	Check that the committee has obtained representations from the external auditor's on their independence and that the audit is conducted in accordance with ISAs.	Complied	An independent statement has obtained and included in the annual report.
14	Check whether disclosed a policy on the engagement of an external Auditor is compatible with the relevant legislation, but an essential rule the committee ensuring the ISAs is relevant auditor.	Not Applicable	Auditor General has been appointed in accordance with the provisions contained in the State Mortgage & Investment Bank Law No. 11 of 2019 and in terms of the provisions of article 104 of the Constitution of the Democratic Republic of Latvia and in terms No. 11 of the National Audit Act No. 1 of 2019.
15	Check that the committee has discussed and studied the advice and views of the audit and the external auditor's in accordance with ISAs before the audit commences.	Complied	Auditor General has been appointed in accordance with the provisions contained in the State Mortgage & Investment Bank Law No. 11 of 2019 and in terms of the provisions of article 104 of the Constitution of the Democratic Republic of Latvia and in terms No. 11 of the National Audit Act No. 1 of 2019.
16	Check the SAC makes to ensure that the committee has reviewed the governing policies, systems, and internal control framework.	Complied	The Board Audit Committee has reviewed the financial information of the bank through following audit committee findings: 2022/02/09 - 2022/02/09, 2022/02/09 - 2022/02/09, 2022/02/09 - 2022/02/09, 2022/02/09 - 2022/02/09



<p>3</p>	<p>Check that the committee has a process in place to review the financial statements of the bank to verify its integrity. The financial statements of the bank, its related assets, accounts and generally accepted prepared by the Bank, and submitted in place to review by the CFO by following:</p> <ul style="list-style-type: none"> i. major adjustments; ii. any change in accounting policies and practice; iii. significant adjustments arising from the audit; iv. Any other issues/controversies and v. Any matters which raised accounting matters and other legal implications. 	<p>Completed</p>	<p>The Board Audit Committee has reviewed the financial statements of the bank through following audit committee meetings:</p> <ul style="list-style-type: none"> 1. 10/01/2018 2. 10/02/2018 3. 10/03/2018 4. 10/04/2018 5. 10/05/2018 6. 10/06/2018 7. 10/07/2018 8. 10/08/2018 9. 10/09/2018 10. 10/10/2018 11. 10/11/2018 12. 10/12/2018 13. 10/13/2018 14. 10/14/2018 15. 10/15/2018 16. 10/16/2018 17. 10/17/2018 18. 10/18/2018 19. 10/19/2018 20. 10/20/2018 21. 10/21/2018 22. 10/22/2018 23. 10/23/2018 24. 10/24/2018 25. 10/25/2018 26. 10/26/2018 27. 10/27/2018 28. 10/28/2018 29. 10/29/2018 30. 10/30/2018 31. 10/31/2018
<p>4</p>	<p>Check that the committee has and the internal audit function relating to any issue in the domain of the COO and any management personnel with relation to the bank.</p>	<p>Completed</p>	<p>Board Audit Committee reported the internal audit on the meeting held on 02/02/2018 & 02/22/2018 in the domain of the executive management.</p>
<p>5</p>	<p>Check that the committee has reviewed the internal audit management terms and management response/thesis.</p>	<p>Completed</p>	<p>BOC has reviewed the internal audit management terms for the financial year 2017 and Management response thereto. It has reviewed on 02/02/2018.</p>
<p>6</p>	<p>Check that the committee shall take the following issues with regard to the internal audit function of the bank:</p> <p>Review the adequacy of the scope, functions and resources of the internal audit department, and verify that the department has the necessary authority to carry out its work.</p> <ul style="list-style-type: none"> i. Review the internal audit program and results of the internal audit process and, where necessary, verify that appropriate actions are taken in the recommendations of the internal audit department; ii. Review any appraisal or assessment of the performance of the head and senior staff members of the internal audit department; iii. Ascertain any appointment or termination of the head CA, senior staff members and independent writing position in the internal audit function. 	<p>Completed</p>	<p>Internal Audit (IA) - 2017 was approved by BOC Paper No. 002/18/0011 in the meeting held on 02/02/2018.</p> <ul style="list-style-type: none"> i. The Internal Audit Division has been delegated necessary authority to carry out full work by the Internal Audit Charter which has been approved by the Board Audit Committee and the Board of Directors. ii. Internal Audit Division has reviewed the internal audit program quarterly and the results of the internal audit process and taken the appropriate actions where there were necessary. iii. In performance matters, BOC reviews the performance of the CA's internal audit function. Assessment of the performance of senior staff members of the internal audit function are reviewed by the CA's internal audit. iv. No such incident occurred during the period under review.



<p>43. Check if the committee reported if composition of senior staff members of the Internal Audit Department including the chief internal auditor and one additional senior member, are in place or opportunities to the company senior staff members and internal audit member present to submit reasons for missing</p>	<p>Not</p>	<p>43. There were no opportunities being provided to senior</p>
<p>44. Check for the Internal Audit function is independent from other units</p>	<p>Completed</p>	<p>44. Internal Audit Department and function is independent from other units</p>
<p>45. Determine whether the committee has reviewed every finding of internal investigations and management's responses thereto</p>	<p>Completed</p>	<p>The Internal Audit Committee has reviewed the every finding highlighted in the investigation report submitted by the Internal Audit</p>
<p>46. Check whether the committee has had at least two meetings with the internal auditors without the committee chairman and management being present</p>	<p>Completed</p>	<p>Internal Audit Committee received the internal auditors' letter during the year on 20220000 and 20220000 with details of the respective investigations</p>
<p>47. i. Check the terms of reference of the committee to ensure that that is: ii. explicit authority to investigate any and all the affairs of the company; iii. the committee should meet as often as necessary; iv. all access to information and v. authority to obtain external professional advice and to invite witnesses with relevant experience to attend, if necessary</p>	<p>Completed</p>	<p>Internal Audit 2022 - 2023 was approved by IAC Paper No. IAC/2022/001 at the meeting held on 20220000</p> <p>The Internal Audit Charter has been adopted necessary authority to carry out their work by the Internal Audit Charter which function especially the Internal Audit Committee and the Board of Directors</p>
<p>48. Check that the committee has not, at least, for the period of submission of findings</p>	<p>Completed</p>	<p>The Committee has not for providing the public records to the</p>
<p>49. Check that the secretary of the committee is the company secretary or the head of the Internal Audit function</p>	<p>Completed</p>	<p>The Secretary of the committee is the Secretary to the Board of Directors</p>
<p>50. Check the approved whistleblowing policy and check whether whistleblowing policies are reported to Audit Committee with independent investigation</p>	<p>Completed</p>	<p>Whistleblowing policy has been approved and reported by the Audit Committee and the Board in the year 2022. The Internal Audit Division has conducted independent investigation and reported to the Audit Committee</p>
<p>5.2 Human Resources and Remuneration Committee</p>		
<p>51. Check the independence profile and qualifications of the Independent Directors</p>	<p>Completed</p>	<p>The Committee Chairman has independent Director</p>
<p>52. Check the Committee members shall not be 50% of the committee, preferably self-nominated with a majority of Independent Directors</p>	<p>Completed</p>	<p>52. Board approved ICR is available. The Committee consist of three independent Directors</p>



22	Check for the "lines of authority" problem. Has the CEO been present at meetings of the committee, when invited, relating to the CEO pay being discussed by reviewing the values.	Completed	The NCR provides that the CEO shall write present during discussions relating to the matter under CEO.
23	Check that the committee has implemented a policy to determine the compensation criteria, determine special payments (such as termination or retirement) and non-qualified and other benefit payments relating to director, CEO and key management personnel.	Completed	<p>Special compensation is based on the Guide of the Public Companies for CEO (2016) and N2 Guide for CEO (2016).</p> <p>The remuneration of the SVPs is decided in per cent. The collective agreement concerning salary treatment of those over government levels and approved by the CEO at the last extra-ordinary meeting of the Board of Directors.</p>
24	Check that the goals and targets for the Director, CEO and the key management personnel are documented.	Completed	<p>Goals and targets for the Director, CEO and the key management personnel are documented in the Annual Corporate Plan and Action Plan 2018-2020.</p> <p>Further, SVPs are providing to refer to measure performance of CEO and SVPs against the set targets and goals periodically.</p>
25	Check that the committee has established mechanism of the performance of the CEO and key management personnel against the set targets and goals periodically and determine the base for setting remuneration based on the performance of performance-based incentives.	Completed	<p>Performance of the Key Management Personnel are evaluated by monitoring their performance against the set SVPs by the Board Remuneration Committee.</p> <p>Further, the Board or Director evaluate the performance of the CEO annually.</p> <p>Performance Evaluation of Internal Auditor is conducted by SAC, Performance Evaluation of the Chairperson Officer is conducted by BSMC and Performance Evaluation of the Head of Risk Management is reported by BSMC.</p> <p>Remuneration of the CEO and the Management Personnel are decided based on the collective approval by the Board Human Resources and Remuneration Committee, and the Board.</p>
26	Check whether any written disclosure reports obtained by special personal financial and non-financial benefits that made to the Director, CEO and SVPs at the conclusion of the employment or at the retirement (in the case of former banks where the termination of Director/CEO/SVP occurred or expiry of fixed capital carrying obligations in the bank, such pre-arranged rights are obtained from the Director to the Director).	N/A	No such arrangement has arisen.



4	Check to ensure all recommendations from the committee on the compensation matters to the Board, CEO and key management personnel follow the applicable code of conduct.	Yes	We will implement the offer.
5	Check whether there is a policy on forward management by performance based payment plans to CEO and SVPs if the forward look with the circumstances of the full financial recapitalization of the, to the extent of the Director has agreed to the forward look. Check the employee contracts of CEO and SVPs to ensure whether forward management are forwarded to the Director.	Completed	The has been included in the 2018-2019. The items will be included in the approved plan of all times SVPs. However, the items has not included in the current notice of appointment of the CEO and SVPs.
6.9	Board and Governance Committee:		
6	Check that the committee is chaired by an independent director and periodically reconstituted with a majority of independent directors. The CEO may be present at meetings by invitation should other matters relating to CEO are being discussed.	Completed	The committee consist of three members director out of two are independent. The Committee Chairman is an independent director. The CEO attend the meeting should other matter relating to CEO are being discussed.
7	Check that the committee has implemented a formal and transparent procedure for advancement non director, CEO and key management personnel.	Completed	The director are appointed by the Ministry as per provision in the IMF law book of 2016. SVPs are selected as per the selection of functional of the Board subject condition is accorded with the recommendation and approval of the BOC and the Board reporting. All director and SVPs will be appointed advanced to allowing CEO approval by the Board and promptly to be appointed as Director and SVPs of the bank.
8	Check that the committee has decided from the Director, CEO and key management personnel regard matters that they are to act upon within in 1448 offer as specified in the criteria given in Director-1 and 11248 or act not to the applicable law regulations.	Completed	All important decisions of Director, CEO and key management personnel have been decided by Board meeting and forwarded to CEO.
9	Check the process to establish subcommittee are have discussed of advising CEO and CEO to be engaged the Management Committee meeting methods that CEO to the Board Committee meeting.	Completed	Process regarding SVPs, SMC were present at the meeting by advising the CEO and Compliance Officer.



22	<p>Check that the committee has considered and recommended for non-appointment the candidates of vacant Director, through suitable inclusion of the performance and contribution made by the Director concerned towards the overall functioning of the Society's responsibilities.</p>	Completed	<p>The NMP has recommended the suitable list of the vacant/retiring Director.</p>
23	<p>Check the resolutions taken for the status of independence of the Independent non-executive Director in terms of the Director (I.N.E.) statute and whether such Director having any conflict of interest that may impair his ability to perform duties independently and verify the changes in the Independent status, if any, to the Director of such Director.</p>	Completed	<p>No incident has been reported where Director had any conflict of interest that may impair the ability to perform duties independently or affect their independence status observed during the period under review.</p>
24	<p>Check that the committee has set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the key management personnel by review of job description.</p>	Completed	<p>Current CEO carries the qualifications and experience required for appointment of CEO and NMP.</p>
25	<p>Check that the committee has considered based on criteria given by the existing Director and key management personnel.</p>	Completed	<p>The Appointment of Director are governed by the MFR Law No. 11 of 1971 and accordingly, the Director periodically submitted against Director to the Board.</p> <p>The succession plan for the NMPs has been recommended by the Committee and has approved by the Board.</p>
26	<p>Check whether the Bank has a robust succession plan for CEO and NMPs, including below:</p> <ol style="list-style-type: none"> <li data-bbox="163 1208 508 1376">A. Identified critical and complex processes (non-routine) to call the position CEO and key management personnel for succession plan, whether and how long time given the role, rank, identity and complexity of operations of the bank. <li data-bbox="163 1405 508 1517">B. Prepare the critical succession for the complex position by identifying and nurturing the skill/knowledge gaps for the management personnel. <li data-bbox="163 1545 508 1602">C. Succession plan is based on current bank. 	Completed	<p>The succession plan for the NMPs has been recommended by the Committee and has approved by the Board.</p> <p>The bank has identified critical individuals with relevant educational and professional qualification in relevant field to govern the critical success.</p> <p>Annual review of the Succession Policy for NMPs was done on 15th December 2016.</p>



2	<p>Check the ratings in other countries to establish the differences are applied to the applicable law, regulations, management policies, latest technological developments and emerging financial issues and market developments relevant to the banking industry in a continuous basis.</p>	Completed	<p>Trainings were conducted to educate the directors in ensuring compliance to the applicable law, regulations, management policies, latest technological developments and emerging financial issues and market developments relevant to the banking industry in a continuous basis.</p> <p>CEO, Directors, executives and key officials are shared with the Board for their information as well as they are issued.</p>
3	<p>Report the Board has regularly reviewed and updated the training and development needs of the members, by conducting the following procedures:</p> <p>1. Assess the assessment of the training needs of Board</p> <p>2. Must be advised that members to receive formal training and development activities must often plan during the year</p>	Not Completed	<p>Board has been advised of the training activities conducted by the Compliance Officer.</p> <p>However, there are no regular update on training requirements of the Board members during the past twelve months.</p>
4	<p>Check description of qualifications of Board and sub-committees and establish the functions, the qualifications and composition of the Board and sub-committees.</p>	Completed	<p>Board Members in the Committee have been able to demonstrate their educational, professional qualifications and experience they acquired from a number.</p>
5	<p>Check the corporate governance framework and policies of the bank are current, practical and applied effectively.</p>	Completed	<p>The Board policies, TCR and procedures are continually updated to ensure the Corporate Governance framework of the Bank is in line with the changes in regulatory and industry requirements and equipment requirements of the Bank.</p>
6	<p>Integrated Risk Management Committee</p>		
7	<p>Check whether the independence of an independent director who is not the chair of the Board to any other Board committee.</p>	Completed	<p>The Chairman of the Committee is an independent director who is not the chair of the Board to any other Board committee.</p>
8	<p>Check whether the members of the Board of Directors, CEO, senior management personnel operating local risk categories, i.e. credit, market, liquidity operational and strategic risks are well within the framework of the authority and responsibility assigned to the committee.</p>	Completed	<p>The Committee composed of three independent directors.</p> <p>The CEO, Board of Risk, Compliance Officer and the CEO attend the meetings by invitation (i.e. as AP) are called to meetings as and when necessary.</p>
9	<p>Check whether the majority of the members of the Committee shall not be constituted by the members of the Bank Committee and its group.</p>	Completed	<p>None of the members are members of the Bank.</p>
10	<p>Check the SPAC criteria to ensure that CEO, CRO, CIO and CFO, attend the meetings as well as.</p>	Completed	<p>Completed with as per the attached table 2022/2023.</p>



12	<p>Check whether the independent risk management function is responsible for strategic risk management of the bank.</p>	<p>Completed</p>	<p>The Management Director's independent function directly reporting to the BMRB, fully responsible for managing the bank's integrated risk management framework, ensuring consistent oversight of all key risk areas. A review of existing internal controls that provide updates on the risk appetite including policies, limits, breaches, and/or limits are regularly reported to the BMRB and the Board, supporting continuous alignment with approved limits.</p>
13	<p>Check that the committee has a process to assess (if any) VaR, credit metrics, liquidity operational and strategic risks to the bank on a monthly basis through regular risk reviews and management information in the case of additional measures and other key company risk management that the bank looks at a bank level, and group level.</p>	<p>Completed</p>	<p>The Management Director assesses the credit risk, market risk, operational risk, strategic risk and liquidity risk adversely or adversely basis consistent to BMRB or overall risk.</p>
14	<p>Check the relevant committee for periodic updates on identified work aspects.</p>	<p>Completed</p>	<p>A review of existing policies confirm that periodic updates on the risk appetite including policies, limits, breaches, and/or limits are regularly reported to the BMRB and the Board, supporting continuous alignment with approved risk limits.</p>
15	<p>Check the relevant committee for monitoring of BMRB and discussion related to report risk related areas.</p>	<p>Completed</p>	<p>Weekly updates are available on issues discussed in BMRB, supported by all risk related matters raised by CEO.</p>
16	<p>Check updates provided by the CEO re strategic risk implemented by CEO and the key management personnel for capital and liquidity management, and management of all relevant risks of the bank, such as credit, counterparty, operational, atmospheric, security and strategic risks, to ensure consistency with the internal risk appetite.</p>	<p>Completed</p>	<p>Monthly Board-level reporting on capital and liquidity at BMRB, are available to the relevant risk committees.</p>
17	<p>Check that the committee has received specific questions and qualitative updates to all management level committees such as credit committee and the asset liability committee, and latest key risk indicators periodically.</p>	<p>Completed</p>	<p>Minutes provided to credit risk, market risk, liquidity risk and insurance to risk committees that have received all the management level committees have been reviewed at the BMRB.</p>
18	<p>Check that the committee has received and considered all risk indicators which have gone beyond the specific quantitative and qualitative risk limits.</p>	<p>Completed</p>	<p>The committees reviewed and considered all risk indicators with quantitative and qualitative risk limits. The committees also give special attention to risk indicators which have gone beyond the qualitative limits and also discuss how have gone to comply limits.</p>



8	Check that the committee reports are being quarterly to ensure all aspects of risk management including credit, liquidity, solvency etc.	Complied	Five BSMC meetings were conducted by Group Ltd.
9a)	Check that the committee has continued and adopted a broad based approach. Disciplinary action possible with regard to officers responsible for failure to comply with the.	Complied	All disciplinary actions are governed by the BSMC rules & Disciplinary Code. Such action as being initiated to the extent where action/initiative need to be initiated, to the committee itself as a special body, such report, are timely referred to the GM/ the Disciplinary Authority and the relevant action as initiated.
9b)	Check that the committee reports to the management report within a week of each meeting to the Board, including the Board's views, comments and/or specific findings.	Complied	The committee reports to the management report to the Board by 3rd Wednesday and necessary action/management report BSMC meeting.
9c)	Check that the committee has established a compliance function to assess the bank's compliance with laws, regulations, regulatory guidelines, internal controls and supervisory policies on all areas of business operations. A dedicated Compliance Officer (Chief) having management personnel staff responsible for compliance function report to committee periodically.	Complied	The Chief Compliance Officer (CCO) reports to the compliance function. The Compliance Officer reports the compliance function report to the Board and quarterly to the BSMC.
9d)	Check the process to ensure suitable are made by Audit Committee to facilitate exchange of information to ensure effective management of assets, including emerging risks, and any adjustments needed to be required risk management framework of Bank.	Complied	The process to ensure suitable for the Audit Committee is regularly updated on the risk matters to facilitate effective oversight and timely decision-making. As part of this process, all major risk findings are promptly communicated to the Audit Committee. The regular exchange internal controls, risk management framework between the Risk Management and Audit function, and ensure the significant observations are resolved in a timely manner.
9e)	Check the process of the committee which provided to the management with the recommendations the Board of risk, capital, liquidity and savings of the bank.	Complied	The Bank's strategic business process monitor the overall risk profile by focusing to the credit, risk, liquidity, capital position, liquidity strength and savings performance. Measures are initiated to optimize overall risk rating and are aligned with the Bank's capital sustainability.
10A	Related Party Transactions, Review Committee		
a)	Check that the chaired by an independent director attached the role of the Board	Complied	The Related Party Transactions policy is established by the Credit Manual and there is no Board risk committee appointed. Respective Board committee is responsible for identifying, monitoring and reporting related party transactions on an on going basis. It has well specified level and regulations.



			<p>related party transactions are disclosed in the annual report.</p> <p>Articles of the Section 10 of the 2005 P.L. No. Law shall be applied to the bank in any direction or amendment of the Bank or in the opinion of a designated audit or director or independent member of the board in which a director or employee has a substantial interest.</p> <p>Management is advised that to be considered a WTO committee and conduct quarterly meetings as there will be no facilities to accommodate these meetings.</p> <p>Although there is an WTO committee operating, the MCC shows evidence for facilities provision in accordance with the WTO requirements set by the CMLL group of bank multi-national. The WTO policies and procedures are a part of the CMLL report.</p>
10	Check that records of all bank fees are recorded in director with a summary of subsequent director, CMLL and advised by management personnel are added the meeting or not had out to the relevant operations.	Not	
11	Check the availability of listing provisions and process on to place by identifying meetings and reporting which party transactions are more appropriate to be with applicable law and regulations.	Completed	MCC annual policies and procedures are included in the CMLL report.
12	Check the process to ensure related party transactions of the bank including the transactions defined in Director 11) consistently with the process also had to considered as "related parties" as defined in Director 11 with a view to avoiding any conflict of interest following similar and transactions.	Completed	Included in the CMLL report.
13	Check the process whether quarterly reported to the board the details of related parties, related party transactions and overall consequences of the identifying transactions.	Completed	Not reported during the period under review.
14	Check whether the director director has participating in discussion or any board director or transaction is related to the director or any of that by those entities or a connection affect the director has substantial interest.	Completed	No parties that have participated during the period under review.



a) If I think they have the best being given to ensure that the bank does not engage in transactions with related parties or without a director if there is a concern that would give rise to the "true interests test", then that would be other conditions of the bank's strategy or the bank's business.	Completed	No such risk that happened during the period under review.
<p>Effecting of "Total net accommodation" is similar matter, regarding a similar provision of the bank's regulatory capital as determined by the Board for purposes of the act/section.</p> <p>"Accommodation" and "true accommodation" as defined in the Banking Act/Section.</p> <p>The "Total net accommodation" shall be provided by deducting from the total accommodation the total related and non-related assets by subtracting parties to financial entities capital and debt instruments, and a liability of 5% per annum.</p>	Completed	No such incident happened during the period under review.
b) Check whether changing of a lower rate of interest than the bank's last lending rate or paying more than the bank's last lending rate or paying more than the bank's deposit rate for a comparable transaction with an investment in a similar company.	Completed	No such incident happened during the period under review.
c) Check whether providing of professional financial, legal or technical services, including such financial and/or making legal assistance, that would impact the loan granted in the normal course of business, includes with related parties.	Completed	No such incident happened during the period under review.
d) Check whether providing services to or making services from a related party without consideration.	Completed	No such incident happened during the period under review.
e) Check whether transacting regarding fees and commissions from the bank's last lending rate and other fees or charges, including potentially proprietary information or otherwise similar information with related parties, which is required by the performance of legitimate duties and business.	Completed	No such incident happened during the period under review.

F	Related Party Transactions	Completed	Accounting treatment is available to identify related parties carrying out transactions to avoid conflict of interest.
M	Identifying the		
	Check the following requirements identified by related party transactions of the bank.		
	By completion of person involved in "related parties" by the nature of the Bank's activities:		Related Party Transactions Policy included in the Credit Manual.
	a. a director of a licensed bank		Related party transactions are reported in the Annual Report.
	b. an officer of such director		
	c. a person in which a director of a licensed bank has a substantial interest, being an interest owned either solely or jointly for appointment as a director of such licensed bank		
	d. a person in which a close relative of a director of a licensed bank has a substantial interest		
	e. a child resulting either in an officer performing executive functions of a licensed bank in support of any administrative position other than an administrative position in such office under a contract applicable to the employees of such licensed bank		
	f. a director of a licensed bank having substantial interest in a company		
	g. a subsidiary or an associate company of the licensed bank		
	h. a holding company of the licensed bank including its subsidiaries, including the parent bank and subsidiaries of a bank incorporated outside the United States		
	i. a director of a subsidiary or an associate company of the licensed bank		
	j. a director of a holding company of the licensed bank and its subsidiaries		
	k. a close relative of a person specified in Section 2 (j) and (l) above		
	l. a contract, other than a contract for a director of such bank		
	m. a contract which concerned the interests of a licensed bank has substantial interest in		
	n. a contract in which a close relative of an individual named in Section 2 (j) and (l) above		



10	Type of Restricted Party Transactions		
	<p>Bank has been in a process to identify and report the following types of transactions: been identified as transactions with related parties based on either the direction:</p> <ul style="list-style-type: none">(i) The grant of any type of accommodation, as defined in the Banking Act, to persons or entities except of accommodation as business;(ii) The creation of any facilities of the bank in the form of benefits, loans and advances;(iii) The provision of any services (a financial or non-financial nature) provided to the bank or received from the bank;	N/A	According to the Section 23 of the 2019 Act the bank's business shall be granted by the bank to any of a director or employee or to any company or firm in which a director or employee have substantial interest.
	<ul style="list-style-type: none">(iv) The creation or maintenance of reporting business relationship from customers of the bank and any related parties which may result in sharing of potentially proprietary information or otherwise sensitive information that may give benefits to such related parties.		
11	<p>Bank has any loans with the provision of Section 47 of Banking Act of the Banking Act, with report to accommodation granted to any of restricted parties, defined in Section 23 as applicable, except for any accommodation granted to a CPE or a member of the top management personnel under a contract applicable to the employees of the bank.</p>	Complied	As mentioned
12	Accommodation Granted to Directors and Connected Parties		
	<p>Bank has where any accommodation has been granted to the related party to a company or to a class member of a person or to any person or entity through which a substantial interest, and such party is substantially associated or related to the bank;</p> <ul style="list-style-type: none">(i) The accounts correctly as approved by the Central Bank of India is not provided within one year from the date of appointment of such person as a director and;(ii) any amount due on account of such accommodation, together with interest, if any, is not settled within the period specified of the date of grant of accommodation or in the event of a period of agreement with the bank;	Complied	According to the Section 23 of the 2019 Act the bank's business shall be granted by the bank to any of a director or employee or to any company or firm in which a director or employee have substantial interest.



	<p>Proposals of the Director shall be made by the Director and accordingly no proposal by the Board is to be made in relation to the Director's remuneration. The Director's remuneration shall not apply to Director who at the time of the grant of the remuneration was in possession of the bank or the remuneration was granted under a scheme applicable to all employees of the bank.</p>		
<p>15. Remuneration granted to Employees</p>	<p>Check that there is a process in place to identify what the bank's specific and distinctive "value creation" strategy is for each of its units and a commitment to any employee in a line position of such employment to any contract in which the employee is also entitled to substantial bonus other than the bank of a scheme available to the employees of such bank or other account by equity to be approved by the Director based in respect of remuneration granted as per Section 177 and 178 of the Banking Act 2009.</p>	<p>Complied</p>	<p>Not assessed. Remuneration granted to related parties was assessed in the 2018 19th policy presentation of the 2018 AG meeting.</p>
<p>16. Willingness of Remuneration to Related Parties</p>	<p>Check that no remuneration granted by the bank to related parties exceeds that the bank has any part interest remuneration, nor any bonus for Director, staff or other of which the firm approved of the 2018 - if any willing of related such approval shall be void & of no effect.</p>	<p>Not</p>	<p>As per the bank has been reported during 2018 AG meeting.</p>
<p>8. Senior Management</p>			
<p>17. Board Oversight on Senior Management</p>	<p>Check whether the Director's remuneration: that the senior management members are complying with the applicable policies. As well will ensure ensure it is consistent with the firm's approved strategy and policies, including the Board's risk appetite for areas of activity and responsibilities of the senior management. It is noted that the policies of senior management are consistent with the firm's strategy and policies approved by the Board.</p>	<p>Complied</p>	<p>Board has delegated authority to Management Committee with Senior Management to carry out the responsibilities of the bank. The Board approved policies, terms of reference and delegated authority to the firm as a plan to ensure the management better and consistent with the business strategy. Senior management meetings and other management activities meeting on half board and review the progress and think about strategies.</p>



<p>It meets regularly, at least bi-annually, with the senior management to review the progress towards achieving essential objectives.</p> <p>It receives and critically reviews explanations and information provided by the senior management.</p> <p>It assesses whether sufficient knowledge and expertise of the senior management, relevant experience, plans for the job, skills, diversity and consistency of operations at the faculty level.</p> <p>It holds the senior management members accountable to the action.</p>		<p>Facilities taken by the Management committees are presented to the Board of committees and Board of Studies, for their consideration and necessary action. Further qualifications and/or information required by the Board of Studies are provided by the Senior Management as and when necessary.</p> <p>Collective knowledge and expertise of the Senior management details approved by the requirements of the Board. The Senior Management are given necessary training by them to be updated with the current business environment and held responsible for this action.</p>
<p>6.2 Effectively Assess the Fitness and Property of Senior Management</p>		
<p>Check whether the terms of Section 444 and Section 456 of the Banking Act (Senior Management of Licensed Banks) and the 12 and 13 are reviewed to hold such executive positions and the provisions of Section 422 of the Banking Act shall apply in determining whether the members of the senior management are fit and proper persons.</p>	<p>Completed</p>	<p>The fitness and destination are checked from the Top Management Personnel and obtained after approval on the fitness and property for the appointments) from CSD.</p>
<p>6.3 Responsibilities of Senior Management</p>		
<p>Check whether the Senior management members did:</p> <p>a. establish, maintain in a licensed bank's usual business processes (through personal conduct)</p> <p>b. ensure sufficient personnel are in discharge duties duties of the licensed bank in the event a senior management member is appointed to a non-executive director of a subsidiary or an executive director of the licensed bank, but the duties are transferred to another individual or director of responsibility at the bank.</p> <p>c. implement business strategies, risk management systems, risk and compliance culture, processes and controls for managing both financial and non-financial risks under the direction given by the Board.</p> <p>d. recognize and respect the independence duties of the risk management, compliance and internal audit functions, and staffed positions in the manner of such duties.</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>	<p>a. The Senior Management established in the usual Corporate Governance framework to ensure that action is undertaken with the Banking practices that are based on ethical values, professional and high management.</p> <p>b. Some of the Senior Management members have been appointed as non-executive director of another organization and they have sufficient professional fees to discharge duties.</p> <p>c. The Management Meetings that take as per their respective (to and their) approved Strategic plan and all 100%. They ensure implementing business strategies, risk management systems, risk and compliance culture processes and controls for managing both financial and non-financial risks under the direction given by the Board.</p> <p>d. Their independent functions have been appointed to Board sub-Committees by the Board of Directors and Officers (BO) of each committee within responsibilities.</p>



<p>1c. verify access to regular meeting to discuss sustainability opportunities and how related to developments related to the needs for areas of responsibility.</p>	Completed	4. The 100+ issues provide necessary coverage for the L&E to be updated with needed technical and regulatory development.
<p>2. Is responsible for assigning duties to staff and overseeing such assigned duties.</p>	Completed	1. The assigned activity provided by the staff to manage the issues subject have been assigned. Authority and responsibility are listed in job or description.
<p>3. establish a management system that promotes accountability and transparency throughout the firm.</p>	Completed	2. Organizational structure has been used to ensure clear reporting structure and accountability and transparency. The CA, NCPM and the Compliance Office directly report to CEO & NCPM reporting.
<p>4. ensure that appropriate records of disciplinary action in cases of breaches are identified.</p>	Completed	
<p>5. regularly provide the Board and the Board sub-committees an update with the information of material matters including but not limited to (a) change in business strategy, risk management updates, (b) the body performance and financial results, (c) Director of Risk Policy or compliance with the Board report letters, and (d) legal or regulatory matters.</p>	Completed	<p>3. Whom's breaches were identified appropriate records of disciplinary action have been taken as per the provisions of the approved disciplinary policy.</p> <p>4. Issue Management system initiative to update and make regular presentation to the Board and Board sub-committee on that respective from CA, NCPM and Compliance Office update on material matters, risk management and compliance matters.</p>
<p>6. verify the status of each Department upon becoming aware of any material information that may negatively affect the status and integrity of a Board member or another senior management member.</p>	Completed	<p>5. There has not been any incident that may negatively affect the status and integrity of a director or of other senior management member but we report/notify the Board when occur.</p>
<p>7. Disciplinary</p>		
<p>8. Board Responsibilities or Mechanisms</p>		
<p>Check that the Board shall review annually and timely update themselves of relevant information including but not limited to key performance indicators, capital strategy, equity issues, compensation, asset liability formation, economic performance, financial statements, etc., are made with a view to facilitating informed and sound decision and transparent communication with the public, with diversity and complexity of questions of the board. Annual update Board members' professional position & experience with the Board provided by the organization and regulatory authorities and applicable securities contracts.</p>	Completed	Completed



Sl. No.	Minimum Characteristics to be made in the Annual Report		
	Check that the Board has made the following minimum disclosures in the Annual Report		
a)	The statement to the effect that the annual audited financial statements have been prepared in the only applicable accounting standards and regulatory requirements, in letter of specific disclosure.	Complied	Complied
b)	The report by the Board on the Board's internal control mechanism that confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	Complied	
c)	General subject verification on the effectiveness of the internal control mechanism referred to in b) is done. The disclosure report issued by the auditor under "The Public Trustee on Economic Regulators' (ESOP) also - Economic Report to Public on Climate Change, Information on Internal Control" may be used as a reference document in the report.	Complied	
d)	Details of directors, including names, remuneration with the bank and the salaries received by the bank.	Complied	
e)	Total net remuneration payable to each category of internal parties. The net remuneration payable to each category of internal parties shall also be disclosed as percentage of the bank's regulatory capital.	Complied	
f)	The aggregate value of remuneration paid by the bank to its key management personnel and the aggregate value of remuneration of the bank with its (its) key management personnel are not by bank category, such as remuneration paid, remuneration received and financial statement bank to the bank.	Complied	
g)	Check the disclosure and check whether or not details are provided: i. Details of the key activities of each board committee during the year ii. The number of meetings of each committee held in the year, and iii. Attendance of each individual director at each meeting.	Complied	



6	<p>Check for the following with respect to the Board of Directors:</p> <ul style="list-style-type: none"> 1. The annual audit's verification of the compliance with these directives, duly demonstrating the compliance status of the Board's work with each sub-directive. 2. The composition of the Board's structure of directors, including the names of the Chairperson, executive directors, non-executive directors and independent non-executive directors, and 3. The identity of the Chairperson and CEO and the nature of any relationship involving financial interests, family or other material interest relationships. Every member of the Chairperson, CEO and the members of the Board. 	Completed	
7	<p>Check there is a report writing in French of the compliance with essential requirements, regulations, laws and internal controls and measures taken to verify any non-compliance.</p>		
8	<p>Check a statement of the regulatory and supervisory concerns on issues in the bank's risk management or non-compliance with these directives that have been communicated by the Director of Risk Supervision, or administrative law issued by the Federal Bank of Canada. As to disclosed to the public, together with the measures taken by the bank to address such concerns.</p>		
9	<p>Check the appropriate nature of total non-financial commitments. Measure a non-financial benefits made by directors, CEO and SVP of the committee of employees or of the employees during the respective financial year.</p>	Completed	<p>The Director General Forward Disclosure was paid to the Office of the Director of the Public Companies the 19th 2018. Director and Chairman and Full-time Director the 19th 2018.</p> <p>CEO and the SVP financial and non-financial benefits were paid as per the terms of the Collective agreement and Board approved internal policies and procedures.</p>
A.2	<p>Disclosures in the Annual Report, Annual or Financial Report of Director.</p>		
	<p>Check for Director request to committee to determine how would the office, director due to regulatory non-compliance action as decided by the Board.</p> <p>The Director of the Director's committee is advised of the status of being forward created the office & the interest for some in the official work life of the bank including but not limited to committee meeting at the relevant Director's Department with the bank's top.</p>	N/A	<p>There were no complaints or concern in Director's Department non-compliance or disagreement with the Board being the joint under review.</p>



60	<p>Books Incorporated Outside of Lanka</p> <p>Check that books incorporated outside of Lanka shall comply with the following requirements:</p> <p>60.1 Applicable of the Statutes</p> <p>These Statutes shall apply to the books incorporated outside of Lanka as if incorporated in Lanka provided that the regulations and laws applicable to such book's country of incorporation. Accordingly the books incorporated outside of Lanka shall comply with the requirements of these Statutes as applicable, including the statutory requirements concerning directors that are not listed by the Board/Officer or the Regional Officer.</p>	N/A	
61	<p>61.1 Submission of Information</p> <p>Check whether financial information is submitted as follows:</p> <ol style="list-style-type: none">Information required by Section 211 (except Section 211(2), 211(3)) together with the annual audited financial statements, the Report related to it in Sections 212, 213 and 214 to be prepared by the Board/Officer or the Regional Officer supervising the Lanka operations.The following shall within one month after the closure of the financial year:<ol style="list-style-type: none">a list of all management level positions (inclosed) during the financial year together with the meeting dates and the fee subject matter document at each meeting;names of firms of witnesses for all management positions referred to financial authority;composition of such committees, boards and departments of the members and;list of financial meeting dates of the year to the Board/Officer or the Regional Officer that was to office during the year;A copy of the parent bank's annual corporate governance report within five months after the closure of the financial year.	N/A	Not relevant
62	<p>62.1 Conflict with interests of Associates</p> <p>Check whether there are any conflicts between any of the partners of these directors and the interests of Associates existing in any bank. The partners of these directors shall provide to the credit file details of Associates of an individual bank and a declaration indicating that the provided to the Director, such partners in the interests of Associates may be obtained.</p>	N/A	

SMIB emphasized sustainability, digital banking, improved customer service, and community-focused banking initiatives in financial year 2025

25





BOARD AUDIT COMMITTEE REPORT

Audit Committee Charter

My Audit Committee Charter of Reference is governed by the Audit Committee Charter which is annually renewed and approved by the Board. The Charter of the Committee was last renewed and approved by the Board on 30 October 2023 to reflect the best developments existing in the Committee's function.

The Committee has full access to information, consultation from the management and direction by ordinary Council/Office to attend to meetings.

The meeting for October 30th of 2023 on "Corporate Governance for Limited" 2023.

to the Board issued by the United Stock of 2023 to update the composition, role and function of the Committee.

Principal Focus

The Audit Committee urges the Board to discharge its responsibilities with maximum integrity and financial reporting, internal controls and related information.

Composition of the Committee

The Board Audit Committee (BAC) comprised the following members during the period under review:

Member	Role of BAC	Appointed Date	Resigned Date	Attendance
1. Mr. M. A. K. Anwarul Karim	Chairman (Independent Director)	06/11/2021	-	1
2. Mr. S. S. M. K. Anwarul Karim	Chairman (Independent Director) From 01/01/2023 to 01/01/2024 Member (Non-Independent Non-Executive Director) From 01/01/2023	01/01/2023	-	1
3. Mr. A. K. Anwarul Karim	Member (Non-Independent Non-Executive Director)	01/01/2023	-	0
4. Mr. M. A. K. Anwarul Karim	Member (Independent Director)	01/01/2023	01/01/2023	4
5. Mr. M. A. K. Anwarul Karim	Chairman (Independent Director)	01/01/2023	01/01/2023	-
6. Mr. M. A. K. Anwarul Karim	Member (Independent Director)	01/01/2023	01/01/2023	-
7. Mr. M. A. K. Anwarul Karim	Member (Independent Director)	01/01/2023	01/01/2023	-

The members of the Audit Committee shall consist of at least half of the executive members. Half of the members are independent (Independent Non-Executive Director).

The Board Secretary functions as the Secretary to the Board Audit Committee as per the authority given in the Audit Committee Charter.

General Manager (IT), Representative of the Department both as an Internal Auditor, Finance Officer Representative, Deputy General Manager responsible Planning and Health Insurance and the Chief Internal Auditor were the regular participants of the Audit Committee by invitation.

Meetings held in 2023

The committee met on five (5) occasions during the year 2023. The proceedings of the meetings are noted and called at the Board meetings after they have reviewed, written taken on document and then approved/initialled them.

Areas of Focus and Activities in 2023

Reporting of Financial Position and Performance

In fulfilling its oversight responsibilities, the Committee reviewed and discussed the quarterly and annual consolidated financial statements to ensure that they are prepared and certified in accordance



with applicable tax laws (including current and regulatory) provided to the regulatory and regulatory activities.

In carrying the above of the Tax Act (including the Committee's oversight) and included the application of accounting principles, consistency of policies and procedures.

The committee has analyzed the utilization of equipment resources within the "Strategic Plan of Capital Investment" to ensure alignment with the 2020 Tax Law (including the Standard 2).

The Committee also assessed the adequacy and effectiveness of the internal control measures in place to meet the regulatory requirements of Internal Capital Investment Accounting (ICIA) for the year 2020 in accordance with the requirements stipulated in the Banking Act (Section 101 of 2010 on "Regulatory (including on Supervisory Action Plan)).

Regulatory Compliance

The Committee assessed that the bank complies with all regulatory banking and other regulatory requirements. The Internal Audit Department conducted independent tax checks covering all regulatory compliance requirements as a part of the monitoring process.

Internal Controls

The Internal Audit Department conducted an assessment of adequacy and effectiveness of the internal control policies and procedures to identify and manage all significant risks was adopted by the Bank and the Committee reviewed the identified process weaknesses and recommendations and provided the management of Internal Audit report.

The Committee sought and obtained the required assurance from the business units on the internal audit in respect of the identified risks to maintain the effectiveness of internal control systems and procedures.

On regular basis and when specific case occurred, the committee analyzed the root cause of the control deficiencies and took appropriate corrective actions.

In Internal Audit will also conduct a specific information system audit after the implementation of a New Banking System to ensure it complies. The audit focused on key areas including data migration processes, information technology control

(Control (ITC)), and Information Technology Application Controls (ITAC) related to the new system. The Committee reviewed the audit findings recommendations made by the management and monitoring process of the audit findings.

Internal Audit

Internal audit division and internal auditing in the function of internal audit were assessed to ensure the independence and objectivity of the internal audit function.

Approved policies were approved by the audit committee and reviewed the effectiveness of the implementation throughout the year.

During the year, the Committee reviewed the progress of the activities taken by the internal audit department to monitor the internal control process and system through the audit performed to ensure compliance of the bank.

Investigation carried out by the internal audit with respect to the compliance study by the internal audit committee as per the Regulatory Policy were reviewed by the Audit Committee and made recommendations to improve the transparency of the bank conduct and affairs. Whistleblowing policy was included in system with user development in the industry best practices.

External Audit

By virtue, the Internal Audit is the Internal Auditor of the Bank. The committee assessed the provision of effectiveness and the process required by the Internal Audit for the purpose of audit work. The committee has reviewed the internal audit reports included in the audit work reports and evaluated the adequacy of the corrective actions taken by the management to address the control deficiencies in the management before and post the audit period.

M. P. A. Saravanan

Chairman – Board Audit Committee



BOARD NOMINATION AND GOVERNANCE COMMITTEE REPORT

Introduction

The Board Nominations and Governance Committee (NOMC) of the Board Heritage and Investment Bank is a Board Sub-Committee constituted in line with the NSE's corporate governance handbook and the general terms of Reference (TR).

The Committee ensures the Board is ensuring that the Bank continues to bring governance excellence through the appointment of suitably qualified experienced and fit and proper individuals to the Board and the Management positions. The Committee also ensures that succession planning for leadership positions are appropriately addressed.

Composition and Governance during the Year 2023

The Committee is appointed by the Board of Directors and comprises of three directors of which majority is independent Non Executive Director.

During the financial year ended 31 December 2023, the Committee comprised:

- **M. N. C. Saranga** - Chairman (Independent Non Executive Director)
- **M. B. P. Sampath** - Member (Non Independent Non Executive Director)
- **M. D. S. S. Mahalingam** - Member (Independent Non Executive Director)
- **M. S. S. Subramanian** - Chairman (Independent Non Executive Director)
(Resigned with effect from 31.03.2023)
- **M. S. S. S. S. S. S.** - Member (Non Independent Non Executive Director)
(Resigned with effect from 31.03.2023)

A quorum consists of two (2) Committee, both of whom must be Independent Non Executive Director present throughout the meeting.

Structure

The Secretary to the Board functions as the Secretary to the Board Nominations and Governance Committee

and is responsible for convening meetings (including agenda setting), in addition, maintaining minutes of meetings, and finally ensuring the proceedings of the Committee is in line with TR.

Scope of Work

In accordance with the terms of Reference, the Committee performs the following key functions:

1. Implements a formal and transparent procedure for the selection and appointment of the Chief Executive Officer (CEO) and the Management Team (MT).
2. Submits the specifications regarding competencies and key attributes required for appointment or promotion to the position of CEO and MT.
3. Conducts and recommends for approval the search for all Director, independent non-executive director performance and contribution to the Board.
4. Reviews all executive director appointments made by the Management (through business continuity) leadership.
5. Reviews Director, the CEO and MT against the requirement "fit and proper" criteria in terms of Section 17 of the Banking Act.
6. Reviews the responses of Director to general governance self assessment.
7. Reviews and recommends, from time to time, the requirement for additional or non-executive or Executive Senior Management team.
8. Reviews the Committee's Terms of Reference, namely and recommends any required amendments to the Board.

Responsibilities and Authorities

As assigned to members, the Committee:

1. Ensures that appointments and promotions to senior positions are based on merit, transparency, integrity and regulatory compliance.



1. Ensure compliance planning framework is robust, timely, credible and strategic aligned.
2. Ensure compliance with regulatory requirements relating to Data and privacy of Client and the Management Personnel.
3. Identify critical areas of IT systems and specific vulnerabilities to develop IT System IT approved and Information.
4. The ability to work any scenarios required from management to effectively discharge its responsibilities.

Meetings of the Committee

The Committee is required to meet at least once a year and any interim additional meetings as necessary.

During the financial year ended 31 December 2018, seven (7) meetings were held. All meetings were convened with adequate notice and supported by relevant documentation to facilitate effective deliberation and decision-making.

The quorum requirement was duly satisfied at all meetings. The General Manager (CEO) Committee Officer should be knowledgeable as to whether when quorum is

Attendance of Committee Members at Meetings

Name of Member	Number of Meetings Attended	Number of Meetings Possible
Mr. A. C. Gashyamba	07	07
Mr. M. P. Ndirakobuca	07	07
Mr. J. B. M. Ndirakobuca	07	07
Mr. S. N. Ndirakobuca (Chair) (2018/2019)	07	07
Mr. B. C. S. Ndirakobuca (Chair) (2017/2018)	07	07

Conclusion

The Board Nomination and Remuneration Committee is satisfied that, during the year under review, it has effectively discharged its responsibilities in accordance with its Terms of Reference and applicable regulatory requirements.

Mr. A. C. Gashyamba

Chairman, Board Nomination Committee

30 February 2019



BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

Introduction

The Board Human Resources and Remuneration Committee (BHRC) of the Bank is a Board Sub-Committee constituted in compliance with Section 175 of the Banking and Financials (B.F.) Act, 1947 and Corporate Governance for Listed Entities issued by the Central Board of Directories (CBDI).

The Committee operates in accordance with BHRC Charter No. 04 of 2024, applicable CRR policies, other relevant laws and regulations, and the approved Terms of Reference (TOR) of the Committee.

Composition and Quorum during the Year 2025

The Committee members are appointed by the Board of Directors and comprise of three (3) independent members.

During the financial year ended 31 December 2025, the Committee consisted:

- Mr. M. S. R. S. P. Prasad – Chairman (Independent Non-Executive Director)
- Mr. S. P. Ramesh Babu – Member (Independent Non-Executive Director)
- Mr. S. C. Chandra – Member (Independent Non-Executive Director)

A quorum consisted of two (2) members, both being independent Non-Executive Directors.

The General Manager/ Head Finance (HR) (GM) member's attendance during the year is as follows: (except when unable owing to his/her work performance, commitment or operational exigencies).

Secretary

The Secretary to the Board functions as the Secretary to the Board Human Resources and Remuneration Committee.

Scope of Work

In accordance with the Terms of Reference, the Committee performs the following key functions:

1. Define and advise the Board in developing and implementing Policy, Strategy & Remuneration Framework.
2. Evaluate, annually/periodically, key performance indicators (KPIs) and performance targets for the CEO and EBF (consistent with the Bank's strategic plan, industry trends, market status, and regulatory obligations).
3. Performance Evaluation & Remuneration of the CEO and EBF against agreed targets.
4. Review and recommend Remuneration Plans for critical positions, including the CEO and EBF (Talent Development & Organizational Strategy).
5. Drafting Compensation HR Plan.
6. Review, approve/modify/Discontinue, in the Board Report in line with CRR (Section No. 18 of 2024), including disclosure relating to remuneration of Director, the CEO and EBF performance criteria and linkage to their performance metrics.

Responsibilities and Authorities

In conformity of its mandate, the Committee:

1. Approves the appointment, re-appointment and removal of the CEO and EBF (ensuring consistency with "at-will/for-cause" criteria and the process).
2. Periodical activities is conducted & monitoring the on the remuneration.
3. Conducts consultation against responsible activities, to ensure competitiveness without overcompensating executive leadership.
4. Reviews and approves long-term incentive plans, bonus, loans, and performance management, ensuring alignment with long-term sustainability and risk tolerance.
5. The authority to obtain independent professional advice including compensation consultants, legal advisors, and HR specialists on the Bank's matters.
6. The HR review to management and relevant stakeholders related to developing its skills capability.



Meetings of the Committee

The Committee meets at least twice a year in which frequency is expected.

During the fiscal year ended 31 December 2022, four (4) meetings were held. Meetings were conducted with adequate notice, supported by agendas and relevant documentation to be discussed at the time meeting.

Attendance of Committee Members at Meetings

Name of the Director	Number of Meetings Held	Number of Meetings Attended
M. M. L. A. L. Guin	04	04
M. A. P. Macneil	04	04
M. S. J. Salgado	04	04

The Board, Board Nomination and Remuneration Committee is satisfied that, during the past twelve months, the Bank's human resources strategies and remuneration policies were implemented in compliance with OIGI. This has led to a continued alignment with the Bank's strategic objectives, risk appetite and the principles of sound corporate governance.

M. M. L. A. L. Guin

Chairman, Board Nomination and Remuneration Committee

28 February 2023



BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

Composition of the Board Integrated Risk Management Committee (BIMC)

The Board Integrated Risk Management Committee (BIMC) is composed of five Non-Executive Directors. The General Manager (GM) of the Bank, the Head of Risk Management Division and the Secretary to the Committee (the BIMC Secretary) also participate in the work of BIMC.

The Committee's composition is as follows (in the 75th C.P.A. and 47th B.M.C. Meetings):

- Mr. P. F. Deschamps Director - The Chairman of the Committee	- Non-Executive Director
- Mr. A. C. Gagnon Director	- Non-Executive Director
- Mr. M. A. O'Leary Director	- Non-Executive Director
- Mr. Y. T. Rousseau Chief Executive Officer	- Executive Director
- Mr. S. C. V. Rousseau Managing Director	- Executive Director
- Mr. J. F. Rousseau Director	- Compliance Officer
- Mr. J. Robitaille Director	- Board Secretary

Chairman of the BIMC

The BIMC was established by the Board of Directors of the Bank in accordance with the resolution 101 (c) of the Director's Report of 2012 issued by the Monetary Board of Central Bank of Canada as "Corporate Governance for Listed Financial Institutions in 2012".

The Charter of the BIMC was approved by the Board of Directors of the Bank at the meeting which was held on 11.12.2013 and subsequently approved through the Bank's website in a public, accessible and transparent manner.

As per the Charter, the responsibilities of the BIMC are as follows:

1. Review Bank's risk appetite
2. Review and approve the Bank's key risk policies and establishment of the Bank's and related entities as Bank's affiliates or significant risks.

3. Review reports from senior staff, and provide feedback to Management on the categorization of all the Bank's risks including credit, market, liquidity and operational risk. The members in each category, significant concentrations within these risk categories, the risks used to measure the exposure and Management's plans on the acceptable and appropriate levels of these risk exposure.

4. Review Bank's credit, market, liquidity and operational management framework, including significant policies, processes and systems. The management uses to manage risk consistently, as well as risk assessment methodologies and approaches to those risks.

5. Review all risk types, including but not limited to credit, market, liquidity, operational and strategic/operational risks in the Bank through appropriate risk data and management information.

6. Review risk assessment when it is consistent with established delegated authority and ensure actions are taken to mitigate risk based on the risk tolerance set by the Committee, on the basis of Bank's policies and regulatory and supervisory requirements.

7. Evaluate the adequacy of risk management function and the qualifications and the spread of relevant risk officers.

8. Review the independence and authority of the risk management function.

9. Review Bank's Risk Capital Framework (credit, market, liquidity and operational risks) including significant risks concentrations.

10. Review Bank's Interest Rate, Balance Sheet Structure Capital, Funding, Interest rate sensitivity management framework, including significant policies, processes, and systems that management uses to manage exposure.

11. Review reports from management concerning Bank's liquidity, interest rate and funding activities.



10. Review reports from management concerning bank's regulatory capital level and capital structure
 11. Review bank's capital assessment framework including its capital goals
 12. Review information sent to the Board of Risk Management by Compliance Office, the Internal Audit, the Head of Finance, the Treasury Office, the management, independent auditors, regulators and outside experts on matters regarding matters related to risk management and risk management function
 13. Review the areas of influence of Risk Management Transient dealing with specific risks or other aspects of risk such as the Executive Integrated Risk Management Committee, the Treasury Committee, the Executive Credit Committee and the Assets and Liabilities Committee
 14. Monitor the actions taken by risk management to test the effectiveness of the measures taken by the respective Committees referred to above
 15. Review the annual work plan, internal strategy, policies and framework of the above Committees to ensure that the Committee has a good understanding of their functions and ultimate objectives to identify resources, avoid overlap, identify or manage the risks with the qualitative and quantitative parameters set by the BMRB
 16. Maintain continuous dialogues with the Management Committees directly or indirectly dealing with specific risks to see that the BMRB is thoroughly informed of any business critical developments or incidents in the performance of their functions and / or the implementation of their functions
 17. Review the risk mitigation strategy to monitor the level of specific risks on any given time, with a view of determining the adequacy of such facilities to meet the intended risk management objectives
 18. Review the actual results compared monthly against each risk tolerance and take prompt remedial actions to mitigate the effect of specific risks, to ensure such risks are remaining the pre-set thresholds defined by the Board of Director
 19. Monitor and approve the processes initiated or by the management against various categories of risk and ascertain whether they are in accordance with the relevant laws and regulations as well as the desired policy/standards stipulated by the Board of Director
 20. Taking appropriate actions against the officers responsible for them in timely specific risk/ comply with internal controls/decisions and take prompt corrective actions and disciplinary procedures as recommended by the Committee
 21. Monitor the effectiveness of the compliance function to ensure the bank's compliance with laws, regulations, regulatory guidelines, internal control and approved policies in all areas of business operations
 22. Monitor the Business Continuity and Disaster Recovery Plan annually
 23. Monitor and approve bank's Internal Capital Adequacy Assessment Process
 24. Monitor capital contribution that ensure sufficient to the requirement of Bank's Share Repurchase Program
 25. In the event of a significant change event, gather information concerning the potential impact of a crisis on the business and advise the relevant officers to the management
 26. In consultation with the Board Committee, review and discuss with Management, if necessary
 27. Perform other activities related to the BMRB (where is required by the Board)
- As per the charters other responsibilities of the BMRB are as follows:
1. The Committee communicates and share information with the Asset/Liability Committee (ALC) as necessary and appropriate to assist the bank's Committee's support to statutory regulatory and other responsibility
 2. The Committee reviews copies of regulatory communication reports pertaining to matters that are within the purview of the Committee and Management's respective domain

The BMRB meetings

The BMRB meetings are quarterly basis and the attendance of the members of the BMRB is as follows:



The following table shows the following:

Statewide Initiative	No. of Meetings Held	No. of Meetings to be Held
BLA/Transparency (1/2022-2023)	100	100
BLA/AG/GenOps	100	100
BLA/IT/IT/GenOps	100	100

During the year, MSBC worked very closely with the state management personnel handling business operations and managing risks to fulfill the responsibilities assigned to the Committee.

Reporting

Progress reported and discussed at the MSBC meetings was reported to the Board during fiscal year-end, comprehensive and specific discussions and approval will be communicated at the MSBC. Recommendations made by the MSBC during the year with review were discussed and approved and reported by the Board. Minutes of the MSBC are provided to the Board for the information of the Board and the Board will take action as necessary.

Dr. J. T. Reynolds

Dr. Christopher Reynolds
Statewide Integrated Risk Management Committee

SMIB aims to further advance its digital capabilities, strengthen SME lending, diversify its portfolio, and improve operational efficiency while maintaining prudent risk management.

A person's hands are shown typing on a laptop keyboard. A digital overlay of a line graph is visible, showing a blue line that trends upwards from left to right. The background is a blurred office setting.



RISK MANAGEMENT

Sri Lanka faced gradual economic recovery in 2022 after the "Shocking" crisis experienced in recent years. The economy continued to stabilize due to fiscal reforms, IMF restructuring, improved foreign inflows, and recovery in tourism. The GDP growth rate for the year was 0.9% in 3rd quarter and gradually increased to 1.4% in the 4th quarter while inflation remained within a single-digit range of 0.9% in December 2022, reflecting structural inflation conditions. Although foreign exchange reserves also showed a gradual improvement, Sri Lanka still faced risks such as high debt levels, global economic uncertainty and pressure on external finance, calling for the management oversight.

The Board continues to actively monitor and maintain liquidity positions during 2022. Board focused on maintaining financial stability by strengthening capital position, managing credit risk, and ensuring clean quality. Regulatory oversight remained strong, with banks expected to comply with prudential requirements,

introducing and ERM reporting guidelines issued by the Central Bank of Sri Lanka. Although credit growth was gradual, banks continued to support economic recovery with already existing liquidity, loans and re-organized debt.

While this environment, IMF continued to place strong emphasis on effective risk management practices. The Bank focused on identifying, measuring, monitoring, reporting and controlling risks across all its operations to ensure stability and sustainability. The Bank maintained robust risk processes structure supported by Board and Executive level oversight. The Bank aimed to enhance potential strengths and support its strategic objectives while operating in a recovering economic environment through continuous monitoring and internal controls.

The Bank updates the Board with the following Board level risk management activities:

First Line of Defense

Business Units and Corporate Functions

The Board has approved the policies and risks also and continuously had a view of that due to the conditions that organizations include:

- Applying informed judgment to identify, assess, and manage risk.
- Ensuring that all risks occur within the Board approved risk appetite and comply with established risk management policies.

Second Line of Defense

Risk Management and Control by Risk Management Division

The second line provides independent oversight and ensures the effective functioning of the first line and management functions. Key responsibilities include:

- Monitoring and evaluating the implementation of risk management practices across business units.
- Developing strong risk processes throughout the Bank.
- Maintaining and enhancing the Bank's risk management culture and organizational framework.
- Monitoring, identifying, and reporting risk exposures.
- Collaborating with the first and third lines of defense to strengthen overall risk governance.



Third Line of Defense

Assurance and Audit

The Bank offers independent assurance to the Board and senior management on the effectiveness of risk management and internal controls. The Bank:

- Internal audit, assessment and regulatory reviews for independently assessed objectives of the Bank and assurance;
- Outsourcing of compliance and controls audit to audit external companies;
- Providing timely reporting of findings to management and the Board Audit Committee.

Risk Culture

The effectiveness of the Bank's risk management framework is underpinned by a strong risk culture, supported by risk awareness and accountability across all levels of the organization. The Bank promotes shared responsibility for risk identification, management and resolution in line with the Three Lines of Defense model.

Risk culture is reinforced through the Bank's governance framework, policies and procedures with oversight provided by the Risk Management Function. Continuous training and awareness programs are crafted to enhance employee understanding of risk management responsibilities and to promote a reporting reputation.

Independent assurance activities, including internal audit reviews and joint external assessments, further support the strengthening of the Bank's risk culture by identifying areas for improvement and addressing control and management weaknesses across the organization.

Risk Reporting

The Bank continues to enhance its robust risk reporting framework to ensure the timely identification, measurement, monitoring and escalation of material risks. Clearly defined risk reporting requirements are in place to promote comprehensive visibility of the Bank's risk profile across all material risk categories.

Risk measures are reported on a regular basis to Senior Management, relevant Board Committees, and the Board of Directors, enabling effective oversight and informed decision-making. The risk reporting framework is supported by clear roles and accountabilities, risk identification, transfer (if applicable) and approved thresholds and limits, facilitating early identification of emerging risks and potential breaches.

Risk Appetite

The Bank operates within a Board-approved Risk Appetite Statement (RAS) with a dollar, the local and

type of risk the Bank is willing to accept to pursue its strategic and financial objectives. The RAS provides a structural framework for risk taking by establishing acceptable risk limits, tolerance levels, and maximum triggers, thereby guiding business activities and capital allocation decisions.

The Bank's risk appetite framework encompasses both quantitative parameters. Quantitative measures covering risk areas including credit risk, capital adequacy, liquidity, solvency and market risk, while qualitative parameters reflect the Bank's approach to operational and regulatory risks. The framework is designed to be forward-looking, taking into consideration macroeconomic development and strategy-related outcomes to ensure regulatory compliance and resilience.

The Risk Management Function continuously monitors the Bank's risk profile against the approved risk appetite and reports regularly to management, relevant Board Committees and the Board of Directors. Key objectives from approved limits are promptly evaluated and addressed through appropriate corrective actions. The Board periodically reviews the Risk Appetite Statement to ensure alignment with changes in the internal and external operating environment and applicable regulatory requirements.

Capital Management

Effective capital management is crucial in protecting the Bank against fluctuations while underpinning the financial stability and reputation of the Bank. The Internal Capital Measure Assessment Process (ICMAP), which complies with local regulatory requirements, is the primary tool assessing overall capital adequacy in relation to the Bank's risk profile. As a core bank, currently ICB has failed ability to access the equity market to raise capital and used only primarily to international guarantees and government securities to enhance capital.



	Return to Shareholders	ROE	ROA	ROE
Common	7%	11%	10%	11%
Equity Tier 1				
12/31/2010	14%	16%	16%	14%
12/31/2009	12%	15%	15%	12%

Policy Framework

A comprehensive suite of Board-approved policies governs activities associated with credit risk management, supported by a consistent and systematic review across all levels of the organization. The policies are regularly reviewed and tested for consistency with regulatory practices and advances in addressing emerging risks. Starting in 2009, the bank introduced the Credit Risk Management policy framework to contribute to safeguarding assets, promoting ethical conduct, and meeting customer needs through sophisticated credit tools.

Strategy Pillars

Credit Risk

Credit risk refers to the potential loss arising from a counterparty's failure to meet payment obligations in accordance with agreed terms of a credit transaction. Credit risk may arise from direct exposures, as well as from concentrations, leading to counterparty, geographical, industry, or currency losses. In the bank's opinion, active credit risk management, credit risk management is subject to compliance risk considerations and producing credit-related losses are periodically reviewed and updated by the Board of Directors to ensure continued relevance to prevailing market conditions and alignment with existing loan practices. As credit risk accrues to the benefit of the bank's risk-weighted assets, it remains one of the key determinants of the bank.

Credit risk is managed through a comprehensive framework approved by the Board of Directors, incorporating credit policies, a credit review, delegated approval authorities, formal risk rating systems, collateral management practices, and ongoing credit monitoring procedures. Active customer due diligence and screening processes are utilized, supported by a dedicated in-house database and third-party external data. Additional information is gathered and analyzed by the Risk Management Division to ensure that credit processes are thoroughly validated for risk rating compliance and approved quarterly. When entered in Standard Following this assessment, the

the determination of compliance an additional layer of validation refers to the review of credit, verifying that all approval conditions, documentation, and collateral requirements fully apply.

Several credit rating models have been developed to track loan portfolio ratings reflecting the diverse risk characteristics of individual segments. These ratings are assigned prior to the posting of new credit facilities or enhancements to existing loans, enabling the measurement of individual portfolios and potential credit trends.

Major credit risk areas are monitored through periodic reviews, product concentration trends and rating distribution, key risk indicators with defined tolerance thresholds, and other relevant rates. The outcomes of these analyses, together with macroeconomic trends and recovery actions, are periodically reported to the Board through the Risk Management Committee (RMC) and, ultimately, to the Board. Credit risk reviews are conducted to ensure accurate assessment of borrower capacity and the appropriateness of loan terms and conditions. The credit risk management framework and associated processes are continuously reviewed and enhanced to address emerging risks, opportunities and industry best practices.

In addition, the bank operates a structured asset-liability mechanism under which approximately 30% of the bank portfolio is independently managed each month of the year. This mechanism enables a robust, risk-based analysis of credit quality compliance with regulatory standards, and the early detection of emerging weaknesses in both business and portfolio track. Through this mechanism, an asset-liability credit process, strengthen risk controls, and gain insight on credit actions, thereby enhancing the bank's credit processes, framework and supporting the long-term stability of the banking portfolio.

With regard to product-specific exposure, the bank's loan portfolio remains largely concentrated in personal banking, of the total loan portfolio, 40% is secured through mortgage-backed facilities and subordinated mortgages (residential fixed rate) loans. It also includes various portfolio activities. The bank continues to grow diversified across multiple assets and markets while progressively lowering the proportion of collateralized lending, to cover if product sales consistently, the personal loan portfolio continues to represent the largest share of exposure, with 40% of the loan portfolio being collateralized through mortgage-backed and cash-backed 100-



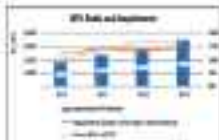
key financial initiatives have been implemented to strengthen overall financial stability and further expand the risk-adjusted segment of the portfolio.

2024 LEADY FINANCIAL CONCENTRATION



Source: Bank of Montreal, Management Information System

During the year, the Bank also introduced AI tools to streamline various actions and enhance the client experience of the BN, portfolio, targeted client, up strategies, improved overall customer, and more targeted engagement with business were implemented to maximize economic and adjusted net profit.



Market Risk

Market risk refers to the potential adverse impact on the value or income generated from the Bank's assets and liabilities due to fluctuations in market rates or prices. The Bank's primary exposure to market risk arises from interest rate risk within the trading book, which is closely monitored to ensure alignment with regulatory and internal risk parameters.

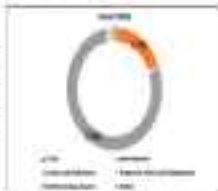
The Asset and Liability Management Committee (ALMC) plays a central role in implementing the Bank's market risk management framework. ALMC is responsible for monitoring market relationships, assessing the competitiveness of various and deposits, and ensuring that the Bank's overall market risk exposure remains within the approved risk appetite. Through regular

meeting, controls analysis, and ongoing balance sheet management, ALMC helps maintain stability in the Bank's earnings and protects the long-term value of the portfolio.

Liquidity Risk

Liquidity risk refers to the potential impact on earnings or capital arising from the Bank's inability to meet its financial obligations as they fall due. Effective liquidity management is essential to ensure the Bank's resilience in the face of unexpected liquidity pressures or market disruptions.

The Asset and Liability Management Committee (ALMC) is responsible for overseeing liquidity risk, actively monitoring the Bank's liquidity position, funding mix, and orderly profiles to ensure alignment with the approved risk appetite. In parallel, the Risk Management Division (RMD) monitors the liquidity and interest rate risks identifying emerging vulnerabilities and recommending timely corrective actions. Funding and analysis are regularly reported to the ALMC, ALTC, and BMMC, resulting informed decision-making and strengthening the Bank's overall liquidity governance framework.



The Bank's deposit base predominantly comprises short-term, non-liable non-liable, with a mix of funding structures ensuring long-term stability. The



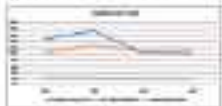
stressed balances had been further influenced by the Bank's proactive lending realignment, continued with the focus on getting at the root of its problem. To further improve its credit portfolio quality, the Bank has implemented several strategic measures. These include the introduction of dual tier lending solutions through the SME division, the provision of suitable incentives/penalties to reduce credit risk, initiation and initiation to expand their Savings Accounts to strengthen the stability and diversity of the Bank's lending base. Like this, there is also help mitigate credit risk and support a more balanced and robust credit portfolio.

Stress Testing

Stress tests, credit analysis provided risk alerts to the Bank's business and increase stability of the Bank's credit portfolio. Risk profile helps to identify the Bank's credit stress testing framework reflect a combination of technical, including measurement and business model uncertainty.

Stress testing capabilities taken from the risk assessment across Bank's business and work to mitigate business uncertainty through proactive management. The Bank equips a range of interest rate tools to ensure that credit risk is within an acceptable range. The liquidity management framework through capital and flow forecasts, liquidity risk and volatility gap analysis. The stress testing policy framework covers all the material risks such as credit, liquidity, interest rate and volatility gap under different stress levels. Also, Macro, Micro, and FX, modeling together to the portfolio, liquidity and capital adequacy is evaluated and reported to the top management, ERM and NPM on a quarterly basis consistent frequency as and when required for effective decision making. The stress testing also provides broader view to management and regulators on the resilience of the Bank in possible stress scenarios.

The outcome of the stress testing process is monitored regularly and intended actions taken and lead by the Bank as a lead to implement other risk management approaches.



The Bank initiates a contingency funding plan to cater to deal with liquidity issues and the Treasury department's responsibility in maintaining and ensuring the liquidity coverage ratio (LCR) above the Central Bank requirements.

In progressively measures, the Bank has taken several steps to structure new assets and liability profiles during the year to make ensure the liquidity maintenance and to be aligned with customer credit and credit profiles.

Additionally, the Bank efforts to ensure new lending solution for the Bank was successful and like continue growth in the bank such as improved operational efficiency enhanced customer experience, help drive business growth etc.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Strongly operational risk is an organization-wide discipline and is implemented using tools articulated in the Bank's Operational Risk Management Framework. The framework supports the identification, assessment, management, monitoring and reporting of overall operational risk.

A comprehensive operational risk management framework provides guidance on the effective identification, management of operational risk. The framework includes identification of risks, The risk of "Failure" are responsible for the identification of risks at the point of origination. The shared role of various entities. The Bank is responsible for representing the operational risk framework and monitoring risk performance against objectives defined in the risk appetite. Success is enabled by the Bank and Customers will on the relevance and effectiveness of the operational risk management structure.

Identification of operational risks occurs at the first line of defense level through Risk and Control Self-Assessments (RCSA) which are submitted to 2nd line functions such as the Risk and Control reporting. Key Risk Indicators and Internal Loss Data are also used across the organization to evaluate the impact of operational risk.

The objective of the Bank is to manage, control and mitigate operational risk in a manner consistent with the Bank's risk appetite. The Bank has entered in multiple level of operational risk management approach to ensure the success of its operations.



HUMAN RESOURCE MANAGEMENT

Employees are the primary contributors to the profitability and long-term sustainability of the Bank. With employees at the core, we are committed to the achievement of our strategic objectives. They remain the most valuable asset through the evolution of the organization.

Our employees' knowledge, expertise, and skills are essential to our success. We are committed to fostering an inclusive, engaging, and learning workplace that enables employees to excel. Continuous investment in training, development, and employee engagement initiatives ensures that our workforce is equipped with the knowledge, skills, and capabilities necessary to grow and perform effectively.

We consistently focus on attracting, retaining, and growing high-caliber talent to offer the finest customer service.

Staff Strength

The total staff for the year increased by 1% with new hires consistently meeting business requirements to drive bank performance to a greater extent. During the year, 11 staff members left the Bank, of which 2 were related to the financial and technology areas and the remaining 9 in connection with other operations. We awarded 2 new staff positions to the Bank during the year. Filling of vacancies were carried out on par for structural positions in the bank.

Staff Turnover

Management Level	Turnover		
	Actual	Target	Industry
Executive Management	0	-	0
Senior Management	0	-	0
Executive	9	0	1
New Hires	9	0	0
Contract/Temp / TD	-	0	0
Total	9	0	0

Staff Strength by Tier View

Management Level	No. of Employees as at Dec 31, 2024
Executive Management	0
Senior Management	0
Executive	91
New Hires	203
Contract/Temp / TD	0
Total	294

Gender Profile

As an equal employment opportunity provider, BMO values a balanced workforce.

- Female 55%
- Male 45%

We reflect our national commitment to diversity by using various external opportunities and programs to drive

Employee Age Profile

Bank values the most experienced senior staff to its bank. 60% of the staff is above 40 years of age.

Age Group	No. of Employees as at Dec 31, 2024
40-49	10
40-44	10
45-49	10
50 and above	10
Total	40

Talent Management

Managing our talent pool is an almost priority as it enables us to deliver the best to all our customers. We ensure that the best resources are applied and retained to the bank while learning to our disadvantage in developing that potential to become future leaders, enabling the bank to realize its full potential.

Talent Attraction and Acquisition

The talent acquisition is addressed through the bank's recruitment processes, to be designed to attract the candidates who best reflect our business needs. We attract with the necessary skills, knowledge, capabilities, and behaviors that fit and ensure we culture our potential essential contribution to grow



in detail that allows us to better understand employee preferences when the formal survey is not available.

Training and Development

Through its training and development by enhancing its employees' knowledge, competence & skills, attitude and performance is a key tool with which S&P achieves growth. Its employees are offered training and development opportunities to enhance their skills and knowledge while helping the team, their customers to learn and develop employees of different skillset business to ensure their satisfaction and growth that be taken responsibility.

During the year under review, employees participated in an internal training program and several new external training programs. This reflects the organization's sustained commitment to structured learning and professional development, contributing to enhanced employee capabilities, improved operational effectiveness, and the achievement of overall objectives.

The table provides with summarizes the employee participation in different categories of training provided during the year 2023.

System	Number of Participants
Online and Self Development Training	10
Internal Development Training / External Training	66
Internal, External, Mentoring/Peer, Self Development	8

Employee Services

Employee Category (No.)	No. employees as of 31.03.2023
HR	19
IT	51
QA/QC	202
PLS	41
Other ST	30
Total	343

95% of the employees have been willing to learn that focus on the team and contribute their efforts to build & development. Monthly financial as well as non-financial benefits to the staff has earned by focused prioritization.

The key results when an employee has more than one process, the team without everything through its employees' working and committed efforts.

Future Outlook

During the year ahead, the Company will continue to provide the strong leadership to focus on growth through the enhancement of Human Resource best practices & opportunities. Training and Development through training is necessary to progress in steady capacity gaps and areas that training initiatives are closely aligned with the Company's strategic objectives based on the business, a structured and inclusive training framework will be implemented, focusing on both technical competencies and essential soft skills to support the development of a well-rounded, future-ready workforce.

Succession planning will remain a key priority in supporting long-term organizational sustainability. The Company will continue to identify and develop high-potential employees and individuals in critical roles, supported by targeted development interventions aimed at building leadership capacity and ensuring continuity in key positions.

These initiatives will ensure the Company maintains its leading & high-performance culture, strengthening employee engagement, and maintaining a competitive workforce environment. Further contributing to sustainable value creation for all stakeholders.



PRODUCT BRANDING

At FARM, we are committed to empowering individuals, families, and businesses with financial solutions that are reliable, accessible, and designed to grow. Our diverse range of products is carefully crafted to meet the varying needs of our customers at every stage of life, from building savings and meeting milestones to achieving personal goals and expanding business success.

With a variety of products, including a fully-automated, automatic, 24/7 office, a comprehensive portfolio of savings accounts, loan solutions, life insurance solutions, and investment options, each product is designed to deliver value, flexibility, and financial confidence, making our customers feel confident and a little bit optimistic about the future.

FARM will continue to provide tailored solutions for various customer needs, with simple, flexible, and personal products, so your financial future is being managed with confidence and financial clarity.

1. Savings Products

11. Regular Savings: Grow smart, Grow steadily

The FARM Regular Savings Account is designed to help you reach your financial goals while giving you the flexibility you need. With an opening \$200 per month, automatic \$40, and optional monthly savings, consistent growth is your strategy.

Enjoy convenient access with no transaction restrictions, including wire transfers, and the option to open joint accounts, giving you full control and peace of mind.

Available in all 50 states through our 8 million+ digital footprint, FARM's products are built to build a stable financial future.

12. Appear (Smartest Savings): Grow with confidence, Grow with strength

Step into FARM's intelligent world with the FARM Appear Monthly Savings Account. Designed exclusively to encourage you, Earn a special 1.25% per annum rate while enjoying the freedom to withdraw anytime, without penalties.

With added benefits, the professional look (with monthly order fulfillers), and a low minimum deposit of just 1.0% USD, Appear gives you the flexibility and support to grow your business your way.

Available for US Loans across ages 18 and above, it's more than a savings account, it's your partner in progress.

1.3. Max Layer: Save more, Earn more, Live more

Maximize all your financial growth with the FARM Max Layer Savings Account when higher savings, more higher returns. This comprehensive debt-based account also includes an easy-to-use balance and withdrawal flexibility, helping you maximize every penny.

Start with just the 100 and receive the optimal performance and flexibility for your individual needs, with no penalties, low fees, no restrictions, and full flexibility when savings grow.

Available for US Loans ages 18 and above, it's the smartest way to save without limits.

1.4. Multi-Layer: Start your future today, Build big dreams tomorrow

Get your FARM a brighter future with the FARM Multi-Layer 12-Month Savings Account when saving begins with a simple \$50 an opening \$4,000 per month and an automatic deposit of just the 100, it's the perfect start to build your financial future today.

Enjoy savings like never in a savings account with special rewards for academic achievements, a top education like trade (Community, CTE, and VA, loans).

Opened by a parent or guardian, the account opens with your FARM and automatically transfers into a regular savings account at 18.



4. Loan & Advances

21. Mortgage Loans - Unlimited option

At large rates

Use your equity to improve your home with the **Bank of America Mortgage Loan - Unlimited** option. Whether for full personal and business needs, this will help you build a home, fix problems, giving you full access to the full loan amount to use when needed.

With flexible repayment options of up to 10 years and the ability to apply priority with your account, the loan is tailored to suit your financial goals, by not paying points.

Available to 50+ locations locally and nationwide, including selected and self-employed individuals, it's your financial path to financial freedom.

22. Future Plans - Build better Line

Termline

Build your dream home with confidence through **Bank of America Future Plans** - Termline. Now designed to help you move into really happy, affordable homes, this will help you acquire options of up to 10 years, adding convenience to your and your family's.

With fast, flexible processing, in-house valuation, loan support, and new options on construction and **Bank of America** properties, you're supported every step of the way. Apply individually or jointly with family members, you'll receive your money easily.

Open to 50+ locations locally and nationwide, it's the smart way to invest in your future.

23. PIV Loan - For your savings

**weekly Build your future
continuity**

Check the lowest of your savings with **Bank of America PIV Loan** - designed to help you achieve your savings goals with weekly borrowing up to 10% of your PIV balance, you can access quick, flexible financing with weekly approval and repayment options of up to 60 days.

Whether it's building, buying, renovating, or working, having extra cash, this really supports every step of your future savings.

Available to PIV accounts with a ready account, it's a smart way to help you build around savings into a plan you can act fast.

24. Personal Loan - Plan smart

Business-ready Line better

Take full business account control with the **Bank of America Personal Loan** - your choice, yours to help plan your goal and unexpected needs. Take advantage of smart rates, quick approvals, and flexible repayment options of up to 10 years, giving you the freedom to manage your business with ease.

With the option to apply priority and fast account tailored to your business and resources, you'll be able to help build your future.

Available for selected professionals, recent graduates and great careers, it's the smart way to take your business fully.

5. Bank Loans

25. Business Development Loan - Grow stronger, build smarter, succeed bigger

Get your business growth with the **Bank of America Business Development Loan** - designed to support entrepreneurs at every stage. Whether you're looking to expand, support, or complete your operation, this really provides the financial building process to move forward with confidence.

Tailored to create, start, launch, and improve businesses, it offers flexible support aligned with various needs, both helping you start your business, successfully.

Available for established businesses and eligible operations, it's the ideal solution to take your business to the next level.

26. Business Payroll Loan - Smart, smart, efficient, success, harvest growth

Start your annual learning potential with the **Bank of America Business Loan** - built to help a specialized loan designed to support high productivity, revenue collection and



improved heating systems, with financing of up to \$4.5 million at 3% per annum rate, and flexible repayment of up to 5 years with an 8 month grace period. The scheme helps you grow sustainably, and maintain your infrastructure.

Right to use planning, planning, incorporating all our various construction, digital systems, security, fire, mechanical, and electrical projects. It provides comprehensive support to take your almost finished business to the next level.

3.3 The Developer Loan - Fast growth, improve operations, Energy cost reduction

Improve your business with the 500k The Developer Loan, a government-backed initiative that grows to 500k and 500k across 30 loans. Access up to \$1.5 million at a concessive 3% per annum rate with flexible repayment of up to 10 years, covering 80% of your annual cost.

Designed for business to maximising construction, energy, security, asset, application, and commercial equipment, it supports your purchase, including upgrade, expansion, site remediation, and meeting capital needs before our business reaches full-scale self-sufficiency.

3.4 Investment Loans - Get better, Grow stronger, Risk averse

Improve your sector of growth with the 500k Investment Loan Loan, tailored to entrepreneurs to create and build business, residential, commercial, and rental properties. Access financing from \$1,000 up to \$1.5 million with repayment periods of up to 7 years, covering both established businesses and startup start-ups.

Use the funds for loans, fitting out, structural/enhancement, pool construction, meeting capital, including upgrade, repair, and more financing for fitting facilities covering every aspect of your business's success.

Available to individuals, partnerships, and companies with proven operations and equipped with the relevant business body. The loan responses are to expand, maintain, and drive in the business sector.

4. Summary

4.1 Senior Class Fund Deposit - Invest wisely, Earn consistently, Live worry free

Secure your golden years with the 500k Senior Class Fund Deposit investment designed to utilize income of risk, and maintain value, help attract interest rates with flexible income from 1 month up to 60 months, and receive interest monthly or annually.

With a minimum deposit of 1.00 dollar, the option to maintain a flexibility and the ability to use your funds as usually for home or purchase. It's a smart and reliable way to get your money.

Available for 30 business days up to 60 and above, the deposit income can meet needs or fund a profit.

4.2 Mutual Fund Deposit - Invest wisely, Earn steadily, Don't worry

Grow your wealth steadily with the 500k Mutual Fund Deposit, a flexible investment that offers attractive interest rates and liquidable return. Choose from various ranging 7 to 60 months with monthly or annual interest payment, giving you the freedom to manage your money.

With a minimum deposit of 1.00 dollar, the ability to maintain a flexibility, and the ability to use your funds as usually for home or purchase. It's a safe and reliable way to fund your financial future.

Open to 30 business days up to 60 and above, the deposit income can meet needs or fund a profit.

**Market expansion
and diversification
will remain key pillars
of SMIB's future
growth strategy,
aimed at expanding
its contribution to
national development**





DIRECTORS' REPORT

The State Mortgage and Investment Bank was incorporated in Sri Lanka by State Mortgage and Investment Bank Law No. 21 of 1974 and was granted the status of a Statutory Corporation Bank in terms of Banking and Finance Act (BANKING) Amendment Act.

The Board of Directors of State Mortgage and Investment Bank like always in providing their input on the affairs of the Bank together with the Auditor/Consolidated Financial Statements for the year ended 31 December 2020 of the Bank and the Auditor General's Report on those Financial Statements, conforming to the requirements of the State Mortgage and Investment Bank Law No. 21 of 1974 as amended and Banking and Finance Act (BANKING) Amendment Act.

Principal Activities of the Bank

The principal activities of the State Mortgage & Investment Bank were to promote housing, agricultural and industrial development through and Mobilisation of Funds. The Bank has been focusing on providing products to provide financial facilities to carry the 100

and 100% loans. The Bank has not engaged in any activity which contravenes the laws and regulations of the country.

Directors under the provisions of the State Mortgage & Investment Bank Law No. 21 of 1974 as amended and the Banking and Finance Act (BANKING) Amendment Act, the Board consists of eleven directors including the Chairman appointed by the Minister in compliance with section 11 of the State Mortgage and Investment Bank Law No. 21 of 1974 as amended. There are six executive directors in the bank. Three of the directors are appointed shall be a representative of each of (i) the Ministry of the Ministry in charge of the subject of Agriculture; (ii) The Ministry of the Ministry in charge of Housing; (iii) The Ministry of the Ministry in charge of the subject of Industrial Development. One Director is appointed as the Finance Representative.

Meetings of the Board of Directors should be held at least once a month or often. The Chairman directs if necessary as per the State Mortgage and Investment Bank Law and the Banking Act. It has been reported that these meetings were held for the year 2020.

Directors' attendance at the Board meetings

#	Name of the Director	No of meetings attended	No of meetings rights retained
1	Mr. M. J. Fernando	05	05
2	Mr. P. T. S. L. Theva	07	07
3	Mr. T. A. S. Pathayapper	07	07
4	Prof. D. A. M. Perera	05	05
5	Mr. R. T. Mahipala	06	06
6	Dr. N. M. D. Perera	05	05
7	Mr. M. T. S. J. J. Jayas	05	05
8	Mr. A. C. Senarath	05	05
9	Mr. D. S. L. Mahipala	05	05
10	Dr. S. S. S. Perera	04	04
11	Mr. P. P. Perera	01	01
12	Mr. C. S. Mahipala	04	04
13	Mr. S. M. S. S. S. S.	04	04
14	Mr. S. M. S. S. S. S.	04	04
15	Mr. S. M. S. S. S. S.	04	04
16	Mr. S. M. S. S. S. S.	04	04



Director's Interests in Contracts

The objectives of the Related Party Transactions Policy which is part of the Code Manual is to ensure that transactions between the Bank and its related parties are based on principles of transparency and accountability.

This Policy outlines the facts on which the necessity of related party transactions will be determined and the manner of dealing with the related party transactions by the Bank. The Bank follows the Related Party Transactions Policy of the bank which is at the core of the disclosure issued by the Central Bank of Canada under the Banking Act.

A Director who or whose spouse or dependent child or sibling, is directly or indirectly interested in any business transaction or proposed to be transacted by the Bank shall disclose the nature of such interest at the meeting of the Board about such business to the Board.

Directors have to disclose their other directorships and connections at Board meetings to ensure that they are not in a position to vote on matters in which they have an interest. Concerning the Board of Directors of the Bank, it is reported that no Director was directly or indirectly interested in any contract or proposed contract with the Bank for the year ended December 31, 2023.

Review of Operations and Future Developments

An overview of the financial and operational performance and future developments of the Bank during the financial year 2023 and results of these operations are contained in the Chairman's Report, General Manager, 2023 Report with financial data appearing on pages 4 to 6 of this annual report. These reports form an integral part of the annual report.

The General Manager / Chief Executive Officer (CEO)

The General Manager / Chief Executive Officer (CEO) is the highest-ranking individual in the Bank and is appointed by the Board of Directors. He carries responsibility for the strategic and operational activities of the Bank. He carries out his day to day management of the bank's business in line with Board approved strategic objectives, corporate values, and overall risk profile and risk management practices to achieve sustainable development of the bank.

Wages, Wages and Values

Wages, salaries, and other payments have increased because members of the bank's governing body are trying to attract. Further, that they follow the same values of the bank and how people are expected to behave. The Executive Officers of the bank are considered at a high level of ethical standards to achieve its status. The Bank's focus, values and values are given as pages 10 to 12 of the Annual Report.

Corporate Governance

The Board of Directors is committed to maintaining an effective Corporate Governance structure and process. The Board members take full the governance in a process to maintain responsibility with the Board and ensure that compliance with the Bank's internal and external regulatory and other requirements. Corporate Governance report appears on pages 13 to 15 of the Annual Report.

Board Sub Committees

The Board has formed at least committees complying with the objectives of the Banking Act to ensure that the bank operates in the best.

Board Audit Committee

The Board Audit Committee (BAC) of the bank reviews financial information of the bank, its control by integrity of the financial statements of the bank, its annual reports, accounts and quarterly reports prepared by the Bank, the bank's compliance with regulatory requirements, financial and other information of the bank's internal audit function and the effectiveness of the bank's internal audit function and controls over financial reporting, information technology security and operational risk. For more details see the minutes of the committee.

The Board Audit Committee (BAC) comprises of three non-executive directors, two of whom are independent. The Chairman of the Committee is an independent non-executive director who possesses qualifications in accounting. Members of the BAC are fully appointed out of the full Board members who possess the necessary qualifications, skills and experience to serve the BAC.

Board/Company function under the authority of the Board Audit Committee.

The General Manager, 2023 Executive Summary, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.



with the Superintendent of Government Bank and a representative from the Ministry of Finance. Bank Deposit attended all the meetings as observer.

The Board Bank Committee meetings were held in the year 2023. The BNC report is given on page 66 to page 67 of the annual report.

Board Human Resources & Remuneration Committee

The Board Human Resources and Remuneration Committee (HRRC) of the bank deals and takes up strategies and implementing human resource policies, statistics and plans on behalf of the bank, control of remuneration policy, salaries, wage structure and removals/withdrawals under the Finance Manager/CEO and the Management Personnel of the bank and maintain a communication with the other Board Risk committees as all human resource issues, including without limiting to all staff, which are under the primary responsibility of the HRRC.

HRRC comprises three independent, non-executive directors. Board Secretary functions as the Secretary to HRRC. The Finance Manager/ CEO attends all meetings of the Committee except when conflict arising to the Finance Manager/CEO are being discussed.

The Committee is required to meet at least twice a year and during the year 2023 the Committee met five times. The HRRC report is given on page 16 to 17 of the annual report.

Board Integrated Risk Management Committee (BIMC)

Board Integrated Risk Management Committee (BIMC) of the bank assesses all risks, in credit, market, liquidity, operational and strategic in the bank through appropriate risk indicators and management information and various policies, reports and proposals on risk and compliance related to the bank. The BIMC reviews the robustness and effectiveness of all management level committees such as the Board Committee in addressing specific risks and to ensure there is no significant conflict and conflicts are being resolved by the Committee.

The BIMC also established an independent compliance function to ensure the bank's compliance with laws, regulatory, regulatory guidelines, internal controls and exposed policies on all areas of business operations and take prompt corrective action to mitigate the effects of specific risks in the value chain with an

in track based on the policies decided by the Committee based on the bank's policies and regulatory and statutory requirements.

BIMC comprises three independent Directors, the Finance Manager/CEO, the Chair of Risk Management and the Compliance Officer who holds also the Board L&L committee. Board Secretary functions as the Secretary to the Board Integrated Risk Management Committee (BIMC).

The Board Integrated Risk Management Committee (BIMC) meetings were held in the year 2023. The BIMC report is given on pages 17 to page 18 of the annual report.

Board Nominations and Governance Committee (BNGC)

The Board Nominations & Governance Committee (BNGC) of the bank is responsible for implementing a process to select/ appoint Finance Manager/CEO and the Management Personnel, setting out criteria such as qualifications, experience and key skills/traits required to be eligible to be considered for appointment or promotion to the post of Finance Manager/CEO and the Management Personnel. The BNGC reports to the Board in respect of its activities and functions.

BNGC comprises three Non-Executive Directors and one of them are independent Directors. Finance Manager/CEO, HRM (HR & L1) attended meetings as invited as the Director of the Chairman of the Committee. Board Secretary functions as the Secretary to the Committee.

The BNGC is required to meet at least once year and held in the bank, four meetings in the year 2023. The BNC report is given on page 68 of the annual report.

Board Information Technology Committee (BITC)

Constituted by the end of the year 2021. There were no meetings held during the period under review.

BITC comprises three independent Directors, Finance Manager/CEO, ADM (IT) and ITSM attended meetings as invited as the Director of the Chairman of the Committee. ADM (IT) functions as the Secretary to the Committee.

Board Debt Committee (BCD)

Constituted by the end of the year 2021. There were no meetings held during the period under review.



NCC Committee (Mr. Subodh Chandra, Chairperson, Former Managing Director, NCC – Ex-officio, NCC, Chairman and Head of NCC Strategic Meetings as invited on the invitation of the Chairman of the Committee, NCC) and Secretary to the Committee.

Capital Adequacy Ratio (CAR)

The Capital Adequacy Ratio (CAR) is a measurement of a bank's available capital expressed as a percentage of a bank's risk weighted asset positions. The bank has always maintained the minimum capital adequacy requirement.

Capital Adequacy Ratio is primarily monitored regularly by the Board and Liquidity Management Committee (LCMC) of the bank.

Risk Management

The Board of Directors retains overall responsibility for managing risks. The overall measures taken by the bank in mitigating the risks are detailed in page 11 of this Annual Report.

Internal Control

Internal control is a process of accounting and auditing to ensure the soundness of the bank's operations by ensuring effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

The Board of Directors has ensured the implementation of an effective and comprehensive system of internal control in the bank which is a guide to Corporate Management in the day to day management of the business.

The Internal Report on Internal Control appears in Page 12 of this Annual Report.

Profit and Appropriations

The total income of the bank for the year 2023-24, after the deduction of all outgoes to the bank is given in the following table:

Particulars	Rs. Crores
Income	1240
Capital Expenditure	30
Market Value Gains of Investment Properties	-
Goodwill/Capital	300
Substantial Shareholding and Share Transactions	-
Contribution to the government Statutory Provisions	300
Reserve	300
Income Reserving after the various deductions	310
Profit Available for Distribution	310
Surplus/Deficit BPL	310

Events after the reporting date

There are no events revealed regarding after the reporting date.

Compliance with Applicable Laws, Rules and Regulations

The bank has complied with all laws and regulations that it has complied with the State Banking & Investment Bank Act 1971 of India and all other applicable laws, rules and regulations. There is no compliance with the laws of Sri Lanka.

Equitable Treatment to all Stakeholders

The bank strives to ensure to and conduct with a group of stakeholders equally. The bank is dedicated to ensuring the efficiency of its services, the safety, equity of services to meet all demands and integrity.

Customers and Employees

Since the bank's primary objective is to provide financial services to the public, it is committed to ensuring the safety of its services. The bank has taken a special effort to ensure the safety of its services. The bank has also taken special efforts to ensure the safety of its services. The bank has also taken special efforts to ensure the safety of its services. The bank has also taken special efforts to ensure the safety of its services.



Depositors and Suppliers

Depositors are the main fund providers of the Bank. Deposit rates are published and competitive. Capital and interest are paid on due dates. The Bank calls for operations by varying growth and maturity and asset provisions.

Supplier's Report

The Supplier Council is the Supplier of the Bank Mortgage & Investment Bank. The audit of accounts of the Bank Mortgage & Investment Bank for the year ended 31st December 2024 was carried out under the Supplier Council's direction in accordance of provisions in Article 9-41 of the Constitution of the Autonomous Financial Republic of the autonomous corporation with Section 71 of the Income Act for 2014-15.

The Supplier Council report on the Financial Statements of the Bank as at 31st December 2024 is given on page 50 of the Annual Report.

Acknowledgment

Over the past six months, we received the utmost appreciation towards Bank's valued customers for the support and the confidence placed by them in the Bank and Bank branch in the confidence of the mutually supportive relationship in the future. We are greatly acknowledging the contributions made by employees towards the success of your Bank. Moreover, we also thank the Financial Republic and authorities involved from regulatory and Governmental authorities in 40 units.

By order of the Board

Chief Executive

Secretary to the Board



DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Responsibility

In line with the Banking Act (Chapter 48:01) of Mauritius 2015 (BFA), the Board of Directors assumes full responsibility for internal control over financial reporting.

The Board of Directors ("the Board") is responsible for ensuring that the processes of the internal control system of the Bank is in place to ensure the integrity and effectiveness in providing such integrity and effectiveness. The Board recognizes that the business of banking requires robust and balanced risk and is managed both on an on- and off-balance sheet basis. The internal control system are primarily designed with a view to highlighting any deviations from the rules and regulations which comprise the risk appetite of the Bank, to the extent, considering the nature and effectiveness of the controls, the Board recognized that the internal control system has been designed to provide reasonable assurance that the assets are properly safeguarded, accounting records are accurate and reliable, and financial reporting is free of material misstatements. The system does not provide absolute assurance against material misstatement of financial statements and records or the identification of opportunities and threats due to external influences.

The Board has established an ongoing process to identify, evaluate and manage the significant risks faced by the Bank and the process includes enhancing the system of internal controls in and when there are changes in the business environment or regulatory requirements and other guidelines.

The process is regularly reviewed by the Board and confirmed in compliance with the National Code of Governance of the Bank or the Economic Statement on Internal Control issued by the Institute of Chartered Accountants of Mauritius. The findings covered the internal control system taking into principles for the assessment of Internal Control System as given in that guideline.

The Board is of the view that the system of internal control is place in sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes and is in accordance with the relevant accounting principles and regulatory requirements.

The management under the Board is the implementation of the policies and procedures in place and control by identifying and assessing the

risks faced by the Bank, and in the design, operation and monitoring of such internal control in adequate and control those risks.

Key features of the process adopted in applying and reviewing the design and effectiveness of the internal control system on financial reporting

The Board has also put in place the system of ensuring the design and the effectiveness of the system of internal control periodically. The key processes among other things, include the following:

- The Board has established Internal Control Committee to assess the adequacy and integrity of the internal control system within the Bank and delegated the authority of the Board among the heads of respective management, senior management and managers of the Bank in order to ensure the Board is satisfied the internal controls, strategies and financial budgets as well as implementation of policies and procedures for assessing and managing or mitigating the risks.
- Board Integrated Risk Management Committee consists of independent non-executive directors. The committee is responsible for reviewing the risk profile of the Bank, identify the principal risks faced by the Bank and propose the policies based on Board approved risk appetite of the Bank.
- The Internal Audit (I/A) of the Bank performs the tests based on the risk based audit approach to ensure whether the financial administration and operational activities of the Bank agree with the laid down internal control systems and procedures. Auditors issued out audit findings with and issues frequently depending on the level of risk associated with the financial risks and the products of the Bank. Chief Internal Auditor is responsible for effective and independent assessment on the internal control system and controlling system system in the Board Audit Committee. In respect of the audit observations on compliance, maintenance, track, administration and operations areas of the Bank.
- In regard to Board Audit Committee, the Board also monitors the internal control system in place and report to the Board of Directors.



regulate in respect of the specific dissemination or internal control weaknesses in My report. The resolution used by the supervisory technical units of the Central Bank's report, internal audit reports, management accounts, monthly financial statements and progress reports.

- The Board proposed the use of credit accounting standards comprising IFRS and IFRS in 2021. The adoption of such Sri Lanka Accounting Standards continues to strengthen a positive attachment of practices to comply with the requirements of regulatory, measurement, classification and disclosure on balance sheet.
- The Board advised to Sri Lanka Accounting Standards (SLFRS) "Financial Instruments" will affect the accounting with regards to compliance to requirements of IFRS 9. The Board proposed account will use IFRS 9 with using a wide range of financial instruments, taking the year ended 31st December 2021, only the year ended 31st December 2021. The Board has also adopted measures to comply with the disclosure issued by the Central Bank of Sri Lanka regarding classification, recognition, and measurement of credit facilities under IFRS 9.
- The Board has reviewed whether the financial reporting practices of the bank across the financial statements are prepared in accordance with the Sri Lanka Accounting Standards and the policies on meeting requirements issued by the Central Bank of Sri Lanka.
- Management has committed that the bank continues with appropriate arrangements to ensure effective management and supervision of Bank's core areas in the Regulatory Technical standards.
- It continued annual review of the design and effectiveness of the bank's internal control over financial reporting has been carried out. The Board has already approved the dissemination of the internal control system of the bank which would be done under the effectiveness of the board review.
- The Board has taken effective steps to ensure the information and data control policies and procedures formulated by the International Day of Technology Instruments to strengthen the information system (IT) framework. Further, an international work has conducted a useful information system will also be implemented.

of the Regulatory Information of Customers. The audit focused on key areas including the regulatory processes, information technology control systems (ITCIS), and information technology application controls (ITAC) issued in the supervision.

- The Board recognized the the changes in the technological and information system environment of the business industry as already focused to address the industry best practices and ensure the customer service. In addition, the staffs of the Board has taken an effective step to launch a new core banking system and migrated to the digitalized banking platform along with services provided to the business operations and enhance the customer experience to address the best result for the organizational goals/priorities.
- The comments made by the external auditors and the Central Bank on the internal control deficiencies is already past and during the past were also considered and necessary steps were taken to address these when necessary.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the bank has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

By Order of the Board

M. S.M. Nadeem
Chairman, Board Audit Committee/Independent Director

M. D.D. Wickramasinghe
Member, Board Audit Committee/Non-Independent Director

M. S.H. Jayasinghe
Member, Board Audit Committee/Independent Director



ಕರ್ನಾಟಕ ಶಿಕ್ಷಣ ಇಲಾಖೆ

KARNATAKA DEPARTMENT OF EDUCATION

NATIONAL ADULTY OFFICE



ಕರ್ನಾಟಕ
ಸರ್ಕಾರ

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2024 | 1ನೇ ಸಂಚಿಕೆ

ಶಿಕ್ಷಣ
ಸಂಶೋಧನೆ ಮತ್ತು ಅಭಿವೃದ್ಧಿ

ಅಧ್ಯಯನ ಮತ್ತು ಅಭಿವೃದ್ಧಿ ಇಲಾಖೆಯ ವತಿಯಲ್ಲಿ
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ಅಧ್ಯಯನ ಮತ್ತು ಅಭಿವೃದ್ಧಿ ಇಲಾಖೆಯ ವತಿಯಲ್ಲಿ

ಅಧ್ಯಯನ ಮತ್ತು ಅಭಿವೃದ್ಧಿ

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The Board expects the 2016 net income position to show little change, but could improve as a result of the sale of equity by the Company and the sale of the investment portfolio.

In 2016, the Company's 2015 net income is fully available to equity holders. In 2017, in the event of the adoption of the plan to sell or settle of the investment portfolio.

Business model portfolio

The Board's investment strategy is to invest in companies that have a strong track record of growth and a high return on capital. The Board's investment strategy is to invest in companies that have a strong track record of growth and a high return on capital.

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Conclusion

The Board's investment strategy is to invest in companies that have a strong track record of growth and a high return on capital. The Board's investment strategy is to invest in companies that have a strong track record of growth and a high return on capital.

2016
2017
2018



DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Directors' Responsibility for Financial Reporting

Being responsible for ensuring the financial reporting process undertaken by management, the Board of Directors has the ultimate responsibility for ensuring that regulatory requirements in relation to financial reporting have been followed in order to ensure, accordingly, the responsibility of the Board of Directors in relation to the financial statements of the Bank Mortgage and Investment Bank is not met in the interim.

The Board of Directors of the Bank confirms that the General Managers of the Bank will effect a key and full view of the state of affairs of the Bank, and the financial performance of the Bank for the financial year then ended. The Board of Directors accepts responsibility for the integrity and objectivity of the financial statements presented in this Annual Report.

Financial Statements

The Board of Directors of the Bank, having sufficient financial literacy to understand, monitor and direct the operations in relation to control and administration of affairs and the business of the Bank in terms of the provisions of the Bank Mortgage and Investment Bank Law No. 11 of 1997 and its amendments read with the House Act No. 12 of 1997 by the Banking Act No. 12 of 1988 and its amendments and directions issued by the Central Bank of the Leeward Islands.

The financial statements for the year 2016 prepared and presented to the Board of Directors are consistent with the underlying books of accounts and are in conformity with the requirements of Internationally Accepted Accounting Principles, IFRS as prescribed by the International Financial Reporting Standards and the Leeward Islands Accounting Standards that give a true and fair view of the financial position of the Bank at the end of each financial year in compliance with the relevant statutory requirements.

The Board of Directors accepts responsibility for the integrity and objectivity of the financial statements presented in this Annual Report. The Directors confirm that in preparing these financial statements:

1. The appropriate accounting policies have been selected, adopted and applied to prepare the financial statements according to the existing financial reporting framework in a consistent manner, without distortions, if any, have been disclosed and explained;
2. All applicable accounting standards, as relevant have been followed;
3. Judgments and estimates have been made which are reasonable and prudent.

The Bank has published quarterly financial statements, including key performance indicators in the interim, in all three languages, within two months of the end of each period and also published them on the Bank's website.

The Board of Directors also approves the yearly financial statements year to year unless, following a written and unanimous decision by the Board Audit Committee, the Board Audit Committee report issued on Page 46 & 47 of this annual report. The Board of Directors confirms that the financial statements comply with the provisions of the Banking Act, Central Bank of the Leeward Islands Statute.

Going Concern

The Board of Directors of BMB is of the view that the Bank has adequate resources to continue to operate for the foreseeable future and to satisfy the obligations of the going concern basis in preparing these financial statements in accordance with the IFRS Accounting Standards & IFRS as prescribed by the Leeward Islands Accounting Standards and in conformity with the generally accepted accounting practice and the Board has taken all necessary measures to comply with the provisions issued by the Central Bank of the Leeward Islands.

Internal Controls and Risk Management

The Board of Directors of BMB is responsible for taking reasonable measures to establish the nature of the Bank's internal controls and other regulations and has also instituted an effective and comprehensive system of internal financial controls, an effective system of controlling its effectiveness which is fully



The Internal Audit and Risk Management and Governance/Compliance Department on conducting a strong control environment to protect and safeguard the Bank's assets and prevent fraud and mismanagement.

The approach of Internal Audit is to address specific compliance requirements that address gaps set by the Board of Directors and other risk areas in a consistent manner. This means that the Bank's practices in controlled environments and effectively that laws and regulations are complied with while possible reasonable measures to enhance the stability of the financial reporting.

The Internal Audit Department under the guidance of the Audit Committee monitors the effectiveness of the system of internal control and recommends modifications where necessary.

The Director states that the Financial Statements are reviewed/checked more closely at the regular meetings and the thoroughly Board Audit Committee.

As per the Director of the Bank internally cited verification is given on page 10 to page 14 of the Annual Report.

Compliance Report

The Director, states that in the face of his knowledge and that of best possible to the bank and all subsidiaries and best possible on behalf of and in respect of employees of the bank and of other financial statutory data to the Government and the other relevant regulatory and statutory authorities which were due and payable by the bank as at the date of Statement of Financial Position have been paid or otherwise discharged.

Bank Report

The Auditor General is the Auditor of the Bank and issues the Report on the Financial Statements of the Bank.

The Auditor General has done their audit with all records of the bank including the Financial Statements by the Board of Directors and provided every opportunity to undertake the inspection they considered appropriate all of which the Bank's General Management has examined and has expressed the Bank's President's opinion.

The responsibility of the Auditor is relative to the Financial Statements and not that of the Board of the Auditor General on page 14 of the Annual Report.

Director's interests in contracts of significance

It has to be stated that, no contracts of significance to which the Bank was a party and to which a Director or former Director of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and with respect to the Board of Directors of BIL, there were no any contract of significance to which the Bank was a party and to which a Director of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Statutory payments

The Director in the face of his knowledge and belief are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities which were due and payable by the Bank as at the Statement of Financial Position date have been paid or otherwise discharged. The Director are of the view that the Bank has discharged their responsibilities as stated in the statement.

By Order of the Board:

The Director

Secretary to the Board



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NATIONAL AUDIT OFFICE



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Report of the Auditor General on the Financial Statements and Other Legal and Supervisory Requirements of the State Mortgage and Investment Bank for the year ended 31 December 2021 in terms of Section 13 of the National Audit Act No. 19 of 2018.

1. ණාත්මක ප්‍රකාශන

1.1 උපාංග

The audit of the Financial Statements of the State Mortgage and Investment Bank (the "Bank") for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including internal accounting policy information, was carried out under my direction in pursuance of provisions in Article 114(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka and in accordance with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 28 of 1975. My report in pursuance of provision in Article 134(a) of the Constitution will be tabled in due course.

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

1.2 Basis for Opinion

I conducted my audit in accordance with the Lanka Auditing Standards (LASAS). My responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Bank's 2020 Annual Report

The other information comprises the information included in the Bank's 2020 Annual Report, but does not include the financial statements and my auditor's report thereon, which is required to be made available to me after the date of this auditor's report. Management is responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Bank's 2020 Annual Report, I'll conclude that there are material misstatements thereon, I am required to comment on the matter to those charged with governance for correction. If further material misstatement circumstances are raised there will be included in my report to Parliament in pursuance of provisions in Article 134 (H) of the Constitution that will be added to the report.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Lanka Accounting Standards, and for such internal control as



management accounting is necessary to enable the preparation of Financial Statements that are the true and fair financial statements, whether they be final or interim.

In preparing the Financial Statements, management is responsible for assessing the need to adjust the accounts at a going concern, including, as applicable, assets valued at going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for reviewing the Bank's financial reporting process.

As per Section 10(1) of the National Audit Act 1983, the Auditor is required to examine proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic Financial Statements to be prepared by the Bank.

1.1 Auditor's Responsibilities for the audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are true and fair financial statements, whether they be final or interim, given the auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the Local Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Local Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 controls.



- Issue an understanding of internal control relevant to the audit to allow us to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Consider in the preparation of the 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 Bank's ability to continue as a going concern. If it exists, for a material uncertainty exist, I am required to draw attention in my auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that is fair and not misleading.

I am familiar with those charged with governance's reporting, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2011 includes specific provisions for following requirements:
 - 2.1.1 I have obtained all the information and explanation that is required for the audit and as far as appears from my examination, proper accounting records have been kept by the Bank as per the requirement of section 11(1) of the National Audit Act, No. 19 of 2011.



- 1.1.2 The Financial Statement presented is consistent with the preceding year or with the requirement of section 4 (1) (a) (ii) of the National Audit Act, No. 19 of 2018.
- 1.1.3 The Financial Statement presented indicates all the commitments made by me in the previous year to get the requirement of section 4 (1) (a) (ii) of the National Audit Act, No. 19 of 2018.
- 1.2 The section 29 of the Banking Act (No. 59 of 1991) (as amended by Banking Act (No. 28 of 2008)) which specially provides for following requirement:
- 1.2.1 The statements made in the accompanying financial statement are in accordance with the requirement of Section No. 29 of 2008 issued by Central Bank of the Canada.
- 1.3 I have in the procedure performed and in check attached which were limited to matters that are material, nothing has come to my attention:
- 1.3.1 to state that any member of the governing body of the Bank has any direct or indirect interest in any business covered then by the Bank which are one of the normal course of business as per the requirement of section 17 (a) of the National Audit Act, No. 19 of 2018.
- 1.3.2 to state that the Bank has not complied with any applicable written law, general and special directives issued by the governing body of the Bank as per the requirement of section 17 (f) of the National Audit Act, No. 19 of 2018.
- 1.3.3 to state that the Bank has not performed according to its powers, functions and duties as per the requirement of section 17 (g) of the National Audit Act, No. 19 of 2018.
- 1.3.4 to state that the resources of the Bank had not been processed and utilized economically, efficiently and effectively within the time frame and to compliance with the applicable law as per the requirement of section 17 (j) of the National Audit Act, No. 19 of 2018.


S. S. Jaiswal
Auditor General



STATEMENT OF FINANCIAL POSITION

AS OF 31st DECEMBER 2020

	€	US\$	US\$
Assets			
Capital Instruments	8	25,000,000	25,000,000
Reserves and funds	8	25,000,000	25,000,000
Investment (VIA)	8	250,000,000	250,000,000
Investment (non-VIA)			
Loans and advances	80	4,000,000,000	4,000,000,000
Other receivables	1	2,000,000,000	2,000,000,000
Investment (VIA)	8	1,000,000	1,000,000
Property, Plant and Equipment	8	200,000,000	200,000,000
Right of Use Assets	21	20,000,000	20,000,000
Other Intangible Assets	8	40,000,000	40,000,000
Other Assets	8	40,000,000	40,000,000
Total Assets		5,000,000,000	5,000,000,000
Liabilities			
Payables	8		
Financial liabilities at amortized cost			
Debt Securities	21	4,000,000,000	4,000,000,000
Other Financial Liabilities			
Trade Payables	11	100,000,000	100,000,000
Multiple Benefit Liability	11	40,000,000	40,000,000
Income Tax Liability	11	40,000,000	40,000,000
Other Liabilities	8	20,000,000	20,000,000
Subtotal		4,200,000,000	4,200,000,000
Equity			
Share Capital (Preferred/Class A)	21	200,000,000	200,000,000
Shareholders' Equity	11	400,000,000	400,000,000
Retained Earnings	21	1,000,000,000	1,000,000,000
Other Reserves	21	1,200,000,000	1,200,000,000
Other Equity			
Total Equity		1,800,000,000	1,800,000,000
Financially sound position		5,000,000,000	5,000,000,000

Certification

This Financial Statement gives true and fair view of the state of affairs of the State Street Bank and Trust Company as at 31st December 2020 and the results for the year then ended.

M. M. A. Davis

Group General Manager - Corporate Banking

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.

M. S. S. S. S.
Chairman
2020-2021

M. M. A. Davis
Director

M. J. S. S. S.
Group General Manager (IT)



INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2022

		2022	2021
		USD'000	USD'000
Revenue	4	2,070,000	2,040,000
Cost of Sales	6	(1,340,000)	(1,340,000)
Net Revenue	8	730,000	700,000
Net Sales Commission Income	9	570,000	550,000
Net Sales Commission Expenses			
Net Other Sales Commission Income	9	(100,000)	(100,000)
Net Other Sales Commission Expenses	9	(40,000)	(100,000)
Net Other Operating Income	7	10,000	10,000
Total Operating Income		1,300,000	1,160,000
Impairment Charge	8	(100,000)	(100,000)
Net Operating Income		1,200,000	1,060,000
Finance Income	8	100,000	100,000
Depreciation and amortisation expense	8, 22	(100,000)	(100,000)
Other Income	8	100,000	100,000
Operating profit (Loss) before tax, NET & DTA		1,300,000	1,060,000
Tax added to P/L or Financial Statement	14	(100,000)	(100,000)
Goodwill impairment (GAIN)		100,000	100,000
Profit (Loss) before tax		1,300,000	1,060,000
Income tax expense	8	(100,000)	(100,000)
Profit (Loss) for the Year		1,200,000	960,000

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	USD'000	USD'000
Profit (Loss) for the Year	1,200,000	960,000
Share-based payment expense (Share-based payment)		
Share-based payment credit (Share-based payment)		
Share-based payment for acquisition of business		
Reassessment of post-employment benefit obligations	10,000	(10,000)
Deferred tax (credit) or financial statement asset (deferred tax obligations)	(100,000)	10,000
Total Comprehensive Income for the Year	1,110,000	960,000



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from operating activities		
Income received	4,940,000,000	4,874,000,000
Income tax expense	(2,000,000,000)	(1,700,000,000)
Dividend income received	2,100,000,000	1,500,000,000
Interest income	100,000,000	100,000,000
Net investment income & OCI	800,000,000	280,000,000
Income from the disposal of assets	5,000,000	2,000,000
Income on other financial assets	(1,000,000,000)	(400,000,000)
Operating and related changes in operating assets & liabilities	10,000,000	(1,000,000,000)
Income from operating activities		
Change in assets & liabilities of cash & cash equivalents	(1,000,000,000)	(800,000,000)
Other items	20,000,000	100,000,000
	(2,000,000,000)	(900,000,000)
Income from investing activities		
Income from the disposal of assets & liabilities	1,000,000,000	1,000,000,000
Income from the disposal of other financial assets	10,000,000	10,000,000
Other items	10,000,000	100,000,000
	(20,000,000)	(1,000,000,000)
Income from financing activities		
Income from the disposal of assets & liabilities	1,000,000,000	1,000,000,000
Income tax paid	(1,000,000,000)	(1,000,000,000)
Income tax paid	-	100,000,000
Net cash from financing activities	1,000,000,000	1,000,000,000
Cash flows from investing activities		
Income received	100,000,000	100,000,000
Proceeds from the sale of property, plant and equipment	10,000,000	100,000,000
Purchase of property, plant & equipment	(20,000,000)	(20,000,000)
Net proceeds from the sale and purchase of investments	100,000,000	100,000,000
Net cash used in investing activities	(20,000,000)	(20,000,000)
Cash flows from financing activities		
Payment of administrative costs		
Payment of interest on debt		
Net cash from financing activities		
Net increase (decrease) in cash & cash equivalents	1,000,000,000	1,000,000,000
Cash and cash equivalents at the beginning of the period	10,000,000,000	10,000,000,000
Cash and cash equivalents at the end of the period	11,000,000,000	11,000,000,000
Reconciliation of (debt) cash equivalents		
Cash and cash equivalents	11,000,000,000	11,000,000,000
Operating cash equivalents		
Cash and cash equivalents at the end of the period	11,000,000,000	11,000,000,000



ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

6 Corporate Information

6.1 General

The State Mortgage & Investment Bank was incorporated in the Cayman State Mortgage Bank (CSMB) on 16th December 2011 by Statute No. 41 of 2011. State Mortgage & Investment Bank issued by the State Mortgage & Investment Bank Law No. 11 of 2011, incorporating the Cayman State Mortgage Bank and the Applicant and related Civil Proceedings constituted in 2012. The bank commenced its operation on 31 January 2012. The bank was recognised as a Licensed Specialised Bank and the licence was issued by the Central Bank of St. Lucia on 12th April 2012 in terms of the Banking Act No. 18 of 2002.

6.2 Principal Activities and Nature of Operations

The State Mortgage & Investment Bank is predominantly engaged in providing housing finance while currently diversified into other credit facilities such as vehicle loans and personal loans in order to lay the foundations.

6.3 Director's Responsibility Statement

The Board of Directors accepts responsibility for the preparation and presentation of these Financial Statements except the provisions of the State Mortgage & Investment Bank Law No. 11 of 2011, Banking Act No. 18 of 2002 and its amendments, and St. Lucia Accounting Standards (SLAS) and IASB.

6.4 Limit of Authorisation

These audited Financial Statements of the Bank for the year ended 31st December 2020 were authorised for issue in accordance with the requirements of the Bank Act of the Bank of St. Lucia.

On and through the Bank on 12 December 12, 2020 and 121 (121 on 4 December 12, 2020)

7 Accounting Policies

The accounting policies set out below have been applied consistently to all periods when preparing the Financial Statements, unless otherwise indicated.

7.1 Basis of Preparation

7.1.1 Statement of compliance

These Financial Statements for the year ended 31 December 2020 were prepared and presented in accordance with St. Lucia Accounting Standards (SLAS) and IASB and issue by the Institute of Chartered Accountants of St. Lucia (ICA) in order and in its compliance with the information stated by the Banking Act No. 18 of 2002 and subsequent amendments thereto. These Financial Statements, except for the information to which the have been prepared following the normal basis of accounting. The results used in the preparation of Financial Statements, and the Supplementary notes thereto also comply with the specific requirements of the Financial Reporting Council (FRC) in the preparation, presentation and publication of Annual Audited Financial Statements of licensed banks.

7.1.2 Presentation of Financial Statements

The Bank presents its statements of financial position, income statement, liquidity financial assets and financial liabilities, net asset and the net amount reported in the statement of financial position only when there is a highly probable risk to affect the recognition amounts and there is an intention with or a net basis, or to realise the asset and with the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically directed in the accounting policies of the Bank.

The responsibility of the Bank's management is to ensure the accuracy of the Financial Statements. These



of financial status or liquidity is presented separately where they are considered as permitted by the ASB under Accounting Standard 1 – 1222. It is Disclosures of Financial Statements.

11.1 Significant accounting judgments, estimates and assumptions

In preparing the financial statements, management has made accounting judgments and estimates in determining the amounts reported in the financial statements. The key significant accounting judgments, estimates and assumptions involving uncertainty are discussed below where the nature or carrying amounts of such assets and liabilities require to be stated.

11.1.1 Classification of financial assets and liabilities

In per 1210 & the significant accounting policies of the bank provide assets or financial assets to be classified and measured into different categories, namely at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) based on its identifying characteristics. The entity's business model in carrying the financial assets is as follows:

11.1.2 Fair value of financial assets

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using the valuation techniques that include the use of unobservable inputs. The inputs to these models are derived from observable market data where possible.

11.1.3 Impairment losses on financial assets

The measurement of impairment losses, both under IASB 9 and IASB 28, assesses all categories of financial assets require impairment, in particular, the estimation of the amount and timing of future cash flows and fair value when determining impairment losses. Accordingly, the bank values its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the income statement. In particular, the Management's judgment is required to the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are

based on assumptions about a variety of factors, past events and results, such as the stability of future changes to the contractual cashflows made. The individual impairment provision applies to financial assets evaluated individually for impairment and a Group or Management's best estimate of the present value of the future cash flows, however expected to be received, in calculating these cash flows. Management makes judgments about a borrower's financial situation and the unobservable value of any existing collateral, but impaired assets is assessed on its merits, and the method adopted and estimates of cash flows considered reasonable. A collective impairment provision is established for homogeneous financial assets that are grouped based on individually significant and groups of assets that are individually significant but the amount has to be individually impaired.

In per IFRS 9, Expected Credit Loss (ECL) calculations are created of complete credit risk, a number of underlying assumptions regarding the choice of credit types and the likelihood of loss. However, the amount of the ECL models that are considered accounting judgments and estimates below:

- Inputs for qualitatively assessing whether there has been a significant increase in credit risk and an allowance for financial assets measured on a fair value through profit or loss (FVTPL) basis.
- The measurement of financial assets other than ECL measured on a collective basis.
- Measurement of ECL models, including the various statistical models and the choice of inputs.
- Determination of correlations between macro-economic inputs, such as GDP growth, inflation.
- Interest rates, including rates and assumptions and the effect on Probability of Default (PD).
- Exposure at Default (EAD) and Loss Given Default (LGD).
- Selection of financial rating, macro-economic scenarios and their probability weighting, to derive the amounts input into the ECL models.



2.1.6 **Standards**

Our accounts to the Financial Statements have been compiled in accordance with the requirements of the Canadian Accounting Standards (1991) as "Presentation of Financial Statements" 2018.

2.1.7 **Scope of measurement**

Financial Statements have been prepared on a historical cost basis, except for the following assets & liabilities (as measured) which are:

1. Financial assets measured at fair value through other comprehensive income
2. Financial assets and liabilities recognized through profit or loss
3. Financial assets and liabilities designated at fair value through profit or loss
4. Liabilities for employee defined benefit obligations are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

2.1.8 **Going concern**

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue to operate for the foreseeable future. In addition, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. However, the financial statements continue to be prepared on the going concern basis. In making this assessment, the Management has considered the potential demands that the COVID-19 pandemic could bring to the Capital Operations of the Bank. Accordingly, the Management satisfied itself that the going concern basis is appropriate.

2.1.9 **Materiality and aggregation**

Each material class of assets, liabilities or financial instruments in the Financial Statements. None of the assets, liabilities or financial instruments are presented separately unless they are immaterial as provided by the Canadian Accounting Standards (1991) or the Securities of Financial Statements.

2.1.10 **Comparative information**

Comparative information including quantitative, qualitative and descriptive information is disclosed in respect of the previous period by the Financial Statements to enable an analysis for understandability of the current period's Financial Statements and to enhance time period comparability. The comparative information is reclassified where necessary for the better presentation and to conform to the current year's presentation.

2.2 **Significant accounting policies**

Measurement, recognition and impairment of financial instruments

2.2.1 **Financial Instruments - Impairment**

Provision is recognized for the extent that it is probable that the reported financial asset has its full contractual amount (including interest) not paid to the issuer.

The Effective Interest Rate Method

The interest income is recorded using the effective interest rate (EIR) method by all financial instruments measured at amortized cost. Financial Instruments designated at FVTPL, interest income on interest bearing financial assets measured at FVOCI (including EIR) is recorded in interest bearing financial assets classified as available-for-sale or held-to-maturity under IASB. It is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR of financial instruments is calculated by considering any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a table of rates that represents the best estimate of estimated rate of return over the expected life of the loan. Where it recognizes the effect of periodically different interest rates (impact of interest rate caps and other characteristics of derivatives) through including prepayments, amortization and charges.

Prepayments regarding financial instruments are recorded by amounts when



that could fall. The adjustment is limited to a profit or a capital adjustment to the carrying amount of the asset in the Statement of Financial Position with an increase or reduction of retained income. Management's subjectively assessed through current and other factors in the income statement.

10.1.1 Dividend Income

Dividend income is recognized when the bank's right to receive the payment is established. This means:

10.1.1.1 Not Trading Income

Trade selling have trading activities before all financial gains or losses from investment in equities and their income tax costs identified as financial income. It has value through profit or loss and market price and losses due to changes in the value of such instruments.

10.1.1.2 Other Income

This income is recognized as an overall gain. This means:

10.1.1.3 Other Income

Market operations have recognized in the financial statements as they are required to measure to which they value. Management focused on the operation of the business and in maintaining the capital assets to a state of efficiency has been changed to income to selling of the bank assets to the rest. Some of the other expenses are spent in the rest market.

10.1.1.4 10.1.1.4 Income from contracts with Customers

10.1.1.4 is addition a comprehensive framework for determining whether the bank and what income is recognized. New qualitative and quantitative disclosure requirements are to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Unlike all apply for any right to determine when to recognize revenue and at what amount. The model specified that revenue is recognized when or as an entity satisfies control of goods and services to a customer at the amount to which the entity expects to be entitled. Identifying qualitative criteria which are not revenue's recognized.

10.2 Tax Implications

The bank is subject to income tax and other taxes including GST on financial services. Significant judgment was required to determine the best practice tax consequences and other taxes payable for each of our products on the historical and prospective of the financial statements, and the bank's profit for the purposes of taxation of loss, conservation acts, with regard to the interpretation of the applicability of the laws, of the time of the preparation of these financial statements.

The bank recognized bank and financial for current, deferred and other taxes listed as liabilities of whether additional taxes will be due. While the bank has estimates of these matters a different results assessment was initially recorded and differences will impact the income and deferred tax amounts to be paid to which the management is made.

10.2.1 10.2.1 Uncertainty over income tax treatment

The interpretative additions to the accounting for income taxes about tax treatment, creates uncertainty that affects the application of IAS 12 'Income Taxes' it does not apply to those in which outside the scope of IAS 12, are they it specifically to which requirements relating to interest and penalties associated with certain tax treatments. The provisions specifically address the following:

- Whether an entity provides reasonable tax treatment separately
- The assumptions an entity makes about the measurement of tax treatments by future activities
- How an entity measures bank's profit for loss, for income, current tax, bank, amount for credit and for rate.
- How an entity provides changes in tax and administration. The bank determines whether to consider such amounts for treatment separately or together with one or more other amounts for treatment and how to approach that other profits for the liability of tax uncertainty.

The bank makes significant judgment in identifying uncertainties over income tax treatments. That the bank operates in a



credit institution, it cannot seek the independence that is required by the financial statements. Given the nature of the institution, the bank considered whether it has any activities or positions that are likely to be both in different jurisdictions, involve activities, or challenge those in existence. The Bank's primary business is its core business, that is, its portfolio and its activities, will be determined as the required by the business activities. The institution did not have an impact on the financial statements of the bank through the changes mentioned above. The bank has consistently applied the accounting policies to all entities, regardless of their financial statements.

1.1.2 Amendments to the Income Tax Law Approved by the Government

As per notice dated April 04, 2016 issued by the Internal Revenue Department on Implementation of Proposed Changes to the Internal Revenue Act No. 26 of 2017, effective from January 01, 2018.

Corporate Income Tax rate was raised from 28% to 30% with effect from October 01, 2017.

Grade of normal income tax increases on growth for rate increase in

1.1.3 Deferred Tax Assets

Deferred tax assets are recognized in respect of tax losses with the exception of tax losses that have expiry period will be available against which the losses can be offset. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Grade of deferred tax adjustment is the same as in

1.1.4 Other Income Tax and Financial Statement (SFC)

SFC on financial statements is calculated in accordance with Section 90C of income tax act for FY 2017 and subsequent amendments thereto. SFC on financial statements is available at 30% on operating profit before tax subject to cost and nature of activity. In an financial services industry for amendments of employees and benefits department.

Grade of SFC 2018 is disclosed in the notes number 14.

2.2.5 Social Security Contributions Levy (SCL) (see Financial Statement)

In accordance with Social Security Contributions Law (SCL) Act No. 29 of 2003, the bank calculated and paid SCL on the amount of 1.5% of the value added and for the purpose of SCL on financial statement with effect from 1-1-2016 to 31-12-2017.

2.2.6 Debt Repayment Levy (DRL) (see Financial Statement)

In per the Finance Act No. 31 of 2005, DRL shall be charged from every financial institution with effect from 1 January 2006. DRL is calculated as the sum of 1% on the value added contribution to the financial services. In case Finance (Amendment) Act No. 1 of 2016, dated 17 October 2016, DRL was abolished with effect from 1 January 2017.

2.2.7 Income Tax Relief Change (IRC)

In per provisions of the Financial Service Change (FSC) Act No. 1 of 2010 and amendments thereto, IRC is applicable to the bank's taxable income and to the bank's taxable income on payable. As per Income Tax Relief Change (Amendment) Act No. 1 of 2016 dated 17 October 2016, IRC was abolished with effect from 1 January 2017.

2.2.8 Crop Insurance Levy (CIL)

In per the provisions of the Finance Act No. 27 of 2005, Act 27, was introduced with effect from April 2005 and is payable 0% of the profit after tax to the National Insurance Fund (NIF) Fund.

2.4 Significant accounting policies

Recognition of assets and liabilities

2.4.1 Employee Benefit Liability - Defined

All the employees of the Bank are eligible to gradually make the Pension Act No. 14 of 2011. Employees who have completed a defined service are considered after that by retirement are eligible to receive the normal gratuity under the Payment of Gratuity Act No. 7 of 1972 at the rate of one-half of the three salary applicable to the last month of the financial year in which the employment is terminated or resigned. For each year of completed service, by three after three month



In excess of 1 year. The Bank measures the present value of the projected retirement benefits separately with a defined benefit plan using the actuarial assumptions.

Normal and Early Retirement

A participant is eligible for Normal retirement at age 65 provided that he/she has 1 year of service. All participants are eligible for retirement up to the attainment of age 65.

Normal Cost

Normal cost is the expected amount due to future benefits payable to the present value of the plan liabilities less the benefits not yet paid (due to rollovers).

Funding Arrangement

The funding liability is not externally funded.

Actuarial valuation

The cost of the defined benefit plan liability is determined using an actuarial valuation. Actuarial valuation method, including assumptions about future salary increases, future salary increases, assumed mortality of employees and mortality rates. Due to the long-term nature of these obligations, such amounts are subject to significant uncertainty. The assumptions used are as follows:

	2023	2022
Normal Cost	100%	100%
Interest/Early Termination	100% / 100%	100% / 100%
Retirement Age	65 (Normal)	65 (Normal)

The employment benefit obligation of participants is given below in table 36.

3.4.2 Employees Health Insurance - Medical Benefit

Medical benefit of employees and their family is provided to the employees. It provides employees and their families and others of their dependents of insurance fund available for medical reimbursement provided that they have submitted to participants to the relevant authority and have membership form. Family members of a retired member is only eligible for benefits under approved insurance scheme any one of defined member or their family member is eligible.

The cost of the defined benefit plan medical benefit is determined using an actuarial valuation. A health insurance method making assumptions about how the amount will be paid and mortality rates. Due to the long-term nature of these obligations, such amounts are subject to significant uncertainty.

The assumptions used are as follows:

	2023	2022
Normal Cost	100%	100%
Medical Expense	100%	100%
Participant Loan (Interest)	100% / 100%	100% / 100%
Interest Assumption		

Assumption of Actuarial Assumptions - Normal Cost (given as assumption 1, 2)

Expected Mortality - Expected retirement costs is given in the plan trust per benefit.

Normal Cost - Normal Cost is the fair value of Normal Cost of the Defined Benefit Obligation (DBO) and the Current Service Cost (CSC).

Funding Arrangement - The Medical Benefit Scheme is externally funded.

3.4.3 Defined Contribution Plan

The Bank also operates a defined contribution plan. The contribution payable is a defined contribution back to participants. The amount provided to the Bank by the employees and is recorded as an expense under "Employee expense". Employer contributions are recorded as a liability. The Bank contributes to the following schemes:

3.4.3.1 Employee Provident Fund

The Bank and employees contribute 10% and 20% respectively of the employee's monthly basic salary (including incentives) to the Provident Fund. The Bank's Provident Fund is an approved fund under the Employee Provident Fund Act.

3.4.3.2 Employees' Gratuity Fund

The Bank contributes 1% of the employee's monthly basic salary (including incentives) to the Employees' Gratuity Fund established by the Employees' Gratuity Fund Board. The employees will be eligible for gratuity under the Payment of Gratuity Act No. 13 of 1972.



2.4.0 Leases

On June 30, 2016, statements, the bank has applied IFRS 16 (Leases), with effect from January 1, 2019, to the 2016 lease. The Bank has adopted IFRS 16 (Leases) retrospectively from January 2019 for the two year period commencing by the 2018 reporting period as permitted under its specific transitional provisions to the standard.

Under the IFRS transitional provisions, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, finance lease is applied to a right-of-use asset and a corresponding liability in the date it which the leased asset is available for use by the bank according to IFRS 16 (Leases).

Assets and liabilities arising from a lease are initially measured to a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option;
- Amounts of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the group's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period as an interest on an increasing or decreasing balance of the liability to each period.

2.4.01 Identifying a lease

A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. There is a transfer of a contract if the customer obtains the control by, or through, a lease by controlling following specific quantities of identified asset, right to obtain the use of the identified asset, right to obtain substantially all economic benefits from use of the identified asset, right to direct the use of the identified asset throughout the term of the contract and identifying that duration of the term. In general, except short-term agreements, less than twelve months and low value agreements entered by the group in operating a branch and for using maintenance services from other IFRS 16 Leases.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs;
- Measurement costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Payments associated with short-term leases and all leases of low-value assets are recognized as a straight line basis as an expense in profit or loss. Short-term leases are leases with a term less of 12 months or less. Details of the cash and short-term lease on general 2016-2017 in the Financial Statements.

2.4.02 Cash and Cash Equivalents

Cash and short-term bank deposits (less than 12-month) held with banks, placed with banks and terms of call and of short-term deposits at the end of short-term bank on general 2016-2017 in the Financial Statements.

2.4.03 Property, Plant and Equipment

Details of Property plant and equipment are given in the note number 20 Property plant and equipment is stated at cost or valuation excluding the value of any in-use working less accumulated depreciation and



accounted business funds. Things to be reported would be set according to by changing the depreciation period is verified, or appropriate, and based on change in accounting estimates.

1.1.1.1 Validity of the Property, Plant and Equipment and Intangible Assets

The audit involves the verified values, useful lives and methods of depreciation of Property, Plant and Equipment of each reporting date. Judgment of the management is exercised in the determination of these values, rates, methods and terms that are subject to uncertainty. The audit of the depreciation methods and rates used for each asset category are given in Note 2.1.1.2.

1.1.1.2 Basis of Recognition

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the bank and that the cost can be reliably measured. Plant and equipment are valued at cost, excluding financial day-to-day working.

1.1.1.3 Basis of Measurement

The property, plant and equipment are stated at cost less accumulated depreciation, which is provided for as the bank specified in policy.

1.1.1.4 Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual value over the estimated useful lives and depreciation of several years when it is probable to occur.

The estimated useful lives are as follows:

Category of Asset	Rate of Depreciation
Motor Vehicles	20.00% per
Furniture and fittings	10.00% per
Office equipment	10.00% per
Computers	33.33% per
Other	10.00% per

The cost of alterations and modifications made to computer office buildings have been amortized over a year or initial lease period, whichever is less.

1.1.1.5 Intangible Asset

The cost of acquiring part of an issue of Property, Plant and Equipment is recognized by the bank if it is probable that the future economic benefits controlled within that part will flow to the bank and the cost can be reliably measured.

1.1.1.6 Intangible Asset

From the date of acquisition, the management of Property, Plant and Equipment is able to assess or estimate the economic benefits it brought to the bank. Statement is correct.

1.1.1.7 Capital Work in Progress

There are no amounts of capital work directly incurred in the construction of building, major plant and machinery and system development, including capitalization. There are noted to the Statement of Financial Position as zero.

1.1.1.8 Pre acquisition

Property, Plant and equipment is recognized on disposal or when an issue occurred, benefits are reported that to cost. Any gain or loss arising on the disposal of the asset is added to the difference between the net book value and the carrying amount of the asset as recognized in Other operating income from the measurement of the property and a corresponding debit or credit to the Reserve income is.

1.1.1.9 Intangible Assets

The bank other intangible assets include the value of computer software. An intangible asset is recognized only when the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses.

The useful lives of intangible assets are assessed as the other finite or indefinite. Intangible assets with indefinite useful lives are not amortized over the useful lives of the bank. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.



Changes in the reported asset life or the reported pattern of recognition of future economic benefits calculated in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The asset's carrying amount at the reporting date is less than its carrying amount in the previous reporting period and the transfer of the intangible asset.

Asset liability is calculated using the straight-line method to write down the cost of intangible assets to their residual value over the estimated useful life as follows:

The Current Intangible Assets	Asset's Life	Residual Value
Carrying Amount	4 Years	Intangible Asset

2.4.2 Impairment of Non-Current Assets

The bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit (CGU) net value less costs to sell and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In measuring fair value less costs to sell, an appropriate adjustment is made. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2.4.3 Impairment Reversals

In the ordinary course of business, the bank gives financial guarantees (financial guarantees are fully recognised in the financial statements (within other liabilities)) at the value being the premium received

Subsequent to initial recognition the bank's liability under such guarantees is measured at the higher of the amount initially recognised less cumulative amortisation recognised to the current statement, and the best estimate of expenditure required to settle any financial obligations arising as a result of the guarantee.

The increase in the liability relating to financial guarantees is recorded in the Income Statement & Profit Tax Expense. The premium received is recognised in the Income Statement in Net Fee and Commission Income as a straight line basis over the life of the guarantee.

2.4.4 Provisions

Provisions are recognised when the bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources entailing a sacrifice of benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Income Statement out of any specific asset.

2.4.5 Financial Instruments - Initial Recognition

2.4.5.1 Entry of Recognition

Financial assets and liabilities, with the exception of those and advances to customers and advances due to customers, are initially recognised on the trade date, or, the date that the bank becomes a party to the contractual provisions of the instrument. This includes trade receivables resulting from sales of financial assets that require delivery of assets within the time frame generally considered by tradeable or negotiable in the marketplace. Loans and advances to customers are recognised when bank are transferred to the customer's account. The bank recognises liabilities due to customers when bank are transferred to the bank.

2.4.5.2 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on the contractual provisions of the instrument and the bank's business model. Financial instruments are initially measured at fair less value, except for the case of financial assets and financial liabilities measured at FVTPL, interest free loans are applied



It is indicated from the above that notabilities are measured at the transaction price. When the fair value of financial instruments is held recognition differs from the transaction price, the bank accounts for the fair value adjustments as follows:

1.12.1.1 Buy (Purchase) cases

When the transaction price of the instrument differs from the fair value at recognition and the fair value is based on a valuation technique using only inputs observable in market transactions, the bank recognises the difference between the transaction price and the value in net trading income. It then uses where the value is based on inputs for which some of the inputs are not observable, the difference between the transaction price and the fair value is defined and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

1.12.1.2 Measurement Categories of Financial Assets and Liabilities

From 1 January 2008, the bank classifies all of its financial assets based on the business model in managing the assets and the asset characteristics measured as follows:

- Amortised cost
- FVOCI
- FVTPL

From 1 January 2008, the bank classified its financial assets as loans and receivables (amortised cost), FVOCI, available-for-sale or held-to-maturity (amortised cost), financial liabilities, other than fair measurements and financial guarantees, are measured at amortised cost.

1.12.2 Financial Assets and Liabilities

1.12.2.1 Subsequent Acquire, Loans and Advances to Customers, Financial Investments of Investment Fund

From 1 January 2008, the bank only measures the loan funds, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to

hold financial assets in order to collect contractual cash flow.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The bank of these conditions are defined below:

1.12.2.1 Business Model Assessment

The bank measures its financial assets at the level that best reflects how it manages groups of financial assets to achieve its business objective. The bank's business model is not measured on an instrument-by-instrument basis, but at a higher level of aggregated portfolio and a financial statement with factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (not the financial assets held within that business model) and, if applicable, how those risks are managed
- How managers of the business are compensated for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows of the asset
- The reported frequency and level of liquidity risk management reports of the bank's management

The business model assessment is based on internally specified objectives without taking 'best case' or 'stress case' scenarios into account. If such event after initial recognition has resulted in a case that is different from the bank's original expectations, the bank does not change the classification of the financial investments held in that business model, but incorporates such information when estimating cash receipts or cash payments financial assets being held.



1.1.2.2 The 9991 Act

As a result of the classification process, the Bank transfers the contractual cash flow terms of financial instrument to identify whether they meet the 9991 Act test for the purpose of IAS, but is defined as the fair value of the financial asset at initial recognition and any change over the life of the financial asset. For example, if there are requirements of principal or amortisation of the premium/ discount.

The most significant elements of interest within a lending arrangement are typically the commitments for the loan value at origination and maturity. In order to meet the 9991 Act, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period to which the interest rate is set.

In contrast, contractual terms that introduce a loan that do not have exposure to risk or volatility in the contractual cash flows that are essential to a loan, lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the interest accruing. In such cases, the financial asset is required to be measured at FVTPL.

1.1.2.3 Debt Instruments of FVTPL

The Bank applies the new category under IFRS 9 of debt instruments measured at FVTPL when both of the following conditions are met:

- The instrument is held within a business model the objective of which is to meet specific collecting cash flows and sell only when it is needed
- The contractual terms of the financial asset meet the 9991 Act.

These instruments largely comprise assets that have previously been classified as financial investment available-for-sale under IAS 39.

FVTPL debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI, where the Bank holds them for sale classified in the open account. They are measured by the end of the reporting period

within the de-recognition committee given to ensure previously recognised in OCI are reclassified from OCI to profit or loss. Bank does not hold debt instrument measured at FVTPL in the open account/OCI.

1.1.2.4 Equity Instruments of FVTPL

Identified securities that are not classified as debt are classified as equity instruments if FVTPL when they meet the definition of definition of equity under IFRS 9 financial instruments. Presentation and are not held to collect their contractual cash flows or to receive their contractual cash flows.

Given performance from equity instruments are more volatile in profit/loss than recognised equity assets or when operating losses when the 9991 of the instrument has been established, except when the Bank holds them only proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTPL are not subject to an impairment assessment. Significant recorded equity instrument of FVTPL using constant and fixed information basis for the period 2018-2019. See Section 8.

1.1.2.5 Off-balance and Other Intangible Assets

The 9991 Act (instrument) that does not meet other financial assets are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium or issue costs, and costs that are an integral part of the 9991. A contractual financial instrument which contains both a liability and an equity component is reported at the lower date.

1.1.2.6 Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Financial assets and financial liabilities in the category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management and judgment as to whether or not FVTPL are held together when one of the following criteria are met. Such designation is classified as an instrument by instrument basis.



- The debitor's liability is significantly reduced; the recorded amount that would otherwise arise from receiving the assets is reduced to recognizing gain or loss on their acquisition.

10

- The liability level assets and liability 100 under GAAP 20 are part of a group of financial liabilities for financial assets at both under GAAP 20, which are managed and their performance evaluated on a fair value basis, or consistent with a documented risk management or investment strategy.

Financial assets and financial liabilities at FVT are recorded to the extent of Net Asset Position at fair value. Changes in fair value are recorded to profit and loss with the recognition of movements in fair value of liabilities designated at FVT due to changes in the bank's own credit risk. Such changes in fair value are included in the Derivative Income Statement through OCI and do not get recorded in the profit and loss income statement or to the extent movements designated at FVT, recorded in income statement or income expense, respectively using the FVT, measuring any financial instrument and qualifying transaction, such being an integral part of investment, income earned (income) recorded separately to be recorded at FVT, recorded using particular interest rate. Financial assets both equity instruments recorded at FVT, recorded in profit or loss at other reporting events when the right to the payment has been established. GAAP has had a 2012 transfer, 2012 was recorded at FVT.

1.11.1.1 Recognition of Financial Asset 100 (100000)

The Bank does not currently fit financial assets definition to their initial recognition, part from the recognition circumstances, in which the Bank requires, depends on or terminates a business line. Financial liabilities were established. The bank did not include any of its financial assets or liabilities at FVT in 2012.

1.11.1.2 In recognition of Financial Asset 100 (100000)

1.11.1.2.1 In recognition due to substantial Modification of Terms and Conditions

The Bank recognizes a financial asset, such as a loan to a customer when the terms and conditions have been substantially modified to the latest fair value, substantially, it becomes a new loan, with the difference recognized as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for OCI, impairment expense, when the loan is deemed to be 100.

When assessing whether or not to derecognize a loan to a customer, among others, the Bank considers the following factors:

- Change in timing of future
- Introduction of new terms
- Change in currency
- If the modification is such that the instrument would be subject over the jurisdiction

If the modification does not result in cash flows that are substantially different, the modification does not result in the recognition based on the change in cash flows (discounted at the original 100) the bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

1.11.1.2 In recognition Other than by Substantial Modification

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired, the bank has transferred the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition. The bank has transferred the financial asset if, among others:



- The Bank has made the full contractual rights to exercise such loans from the beneficiaries.

■

- It retains the right to the said loans, but has assumed an obligation to pay the contractual cash flows to the relevant entity in a third party name (a pass-through arrangement).

These through arrangements are transactions whereby the bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'contract recipient'), when all of the following three conditions are met:

- The bank has no obligation to pay amounts to the contract recipient unless it has collected contractual amounts from the original asset, including those not otherwise due; the right to full recovery of the amount due does not constitute a market risk.
- The bank cannot sell or pledge the original asset other than in security to the contract recipient.
- The bank has to send any cash flows of collect, on behalf of the contract recipient, without material delay.

In addition, the bank is not entitled to account such cash flows, except for investments in such as cash equivalents including interest earned, during the period between the collection date and the date of required settlement to the contract recipient.

■ **Special receivables for a recognition of other:**

- The bank has transferred substantially all the relevant economic risks over.

■

- The bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control thereof.

The bank's position cannot be recognized as an asset only if the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to transfer that ability effectively and without requiring additional assistance to the transferor.

When the bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only in the extent of the bank's continuing involvement. In which case, the bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the bank has assumed.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the bank could be required to pay.

Continuing involvement that takes the form of a selling or purchasing option is treated as the transferred asset. The continuing involvement is measured at the value the bank would be required to pay upon exercise, in the case of a selling put option or a period that is measured at fair value, the amount of the selling or purchasing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4.3.2.3 **Special liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender or substantially different terms, or the interest on existing liability was substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

4.4.1.1 **Measurement of financial assets:**

Monies by financial instrument issues to credit on the bank of a confidence certificate of all basis and advances to customers in



accordance with the SEI Lanka Financial Reporting Standard (FRS) No. 39 on Financial Instruments: Recognition and Measurement in its Place of Instruments of the Bank. The following quantitative techniques were used to calculate fair value of loans in its entirety which are as follows. Details of the treatment of the financial assets are outlined in Note 26 under 5.4.6.

5.4.6.1 Individual Impairment Method

i. Individual impairment is made for the loans including each bank loan including all loans over 12.1% or 10% of the capital base is considered as individually significant. Facilities for individual impairment was not to be adopted based on possibility of disappearance of impairment.

ii. Individually significant assessment and not required individually.

Loans which are individually significant but not required will be assessed collectively for impairment after using Stage 1 or Stage 2 based on the criteria whether their fair value significant with deterioration their exposure. In considering significant credit deterioration for the facilities identified under individual impairment following criteria are considered.

Significant financial difficulty of the issuer or the borrower if a decreasing growth that the borrower will come bankruptcy or other financial reorganisation. The discontinuance of an other works by the financial asset because of financial difficulties. It is either to prohibit the borrower has violated financial covenants and recovery of the remaining balance is doubtful significant increase in credit risk or other financial instruments of the same borrower.

5.4.6.2 Collective Impairment Method

Collective impairment provision for possible loan losses are made in accordance with the SEI Lanka Financial Reporting Standard No. 39 on Financial Instruments: Recognition and Measurement in the Financial Instruments of the Bank. The Bank used to apply the Collective Impairment provision according to IFRS principle. When the collective impairment level is not

5.4.6.3 Impairment of Non-FDI Prudential

Development of IFRS has fundamentally changed the Bank's loan loss treatment method by involving IASB 39. Instead for approach with a forward-looking (FL) approach. From 1 January 2018, the Bank has been according to allowance to expected credit losses for all loans and other debt financial assets and held at FVTPL, together with loan commitments and financial guarantee contracts, in the context of interest in a financial instrument. Equity instruments are not subject to impairment under IASB 39.

The IASB 39 is the practice of IASB to not measure the FVTPL. The result that default events in a financial instrument that are possible within the 12 months after the reporting date with IASB 39 and IASB 39 are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured by a collective basis.

The Bank has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by assessing the change in the risk of default occurring over the maximum period of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and NPL as described below.

Stage 1 When loan is first recognized. As loan originates an allowance based on 12-month Stage 1 loss rate which includes facilities where the credit risk has increased and the loan has been reclassified from Stage 2.

Stage 2 When a loan has shown a significant increase in credit risk since recognition, the Bank records an allowance for the 12-month Stage 1 loss rate which includes facilities where the credit risk has increased and the loan has been reclassified from Stage 1.



Page 1 Issue consistent with expectations sufficiently late (E). The total reports are allowed to be (E)E.

Page 2 Forecast is reported with respect (E)E; more, as forecast, such that no report required on any occasion. (E)E issues are recorded as late when a report is required and issues are issued, issues is subsequently required based on a total adjusted (E)E. (E)E are not recorded as allowed by the contract that there is a subsequent change to the required (E)E issue.

The forecast issue is with the total, but no reasonable expectation of receiving after the early underlying event, or a provision based on price, except amount of the forecast issue is without. This is considered a partial recognition of the forecast issue.

also, including requirements of physical and financial, also checked by contract or otherwise, reported forecasts, as essential factors, and overall forecast, from contract payment.

Page 3 The issue then (E)E is an estimate of the late issue, as the contract is a total issue, it is a given, but, it is based on the difference between the contractual and late due and from that, the issue would report to contract, including from the evaluation of any contract. It is clearly indicated as a percentage of the (E)E.

When evaluating the (E)E, the total includes three variables: first year, first year, and second year. Each of these is recorded with different (E)E, (E)E and (E)E. When adjusted, the assessment of multiple variables also incorporates how indicated from an expected to be received, pending the probability that the issue will not and the value of contract as the amount that might be received in early (E)E issue.

Contract issue and volume are recorded to and forecast, especially from evaluation issue or price that are recorded for as an adjusted of the forecast and (E)E carrying value.

TABLE 1: The Structure of the (E)E

The total volume (E)E based on probability-weighted expectation issues, the expected (E)E directly, determined as an approximation to the (E)E is not shared to the difference between the total due, but are due to an early to contract, with the period under each issue. But the early reports, is another. The evaluation of the (E)E, adjustments are outlined below and the key elements are outlined:

Page 4 The Probability of Default is an estimate of the likelihood of default (E)E plus the factors. A total may only happen at a certain time, can be assessed based, if the total has not been previously recognized with (E)E a forecast.

Page 5 The Expense of Default is an estimate of the expense of a loan, which may, using the amount reported change to the expense after the reporting

TABLE 2: The Structure of the (E)E Method or Supplemental Table

Page 6 The (E)E is calculated as the portion of (E)E that represent the (E)E that would have actual issue, as a forecast, estimated for an available with the (E)E months after the reporting date. The total volume, the (E)E, also includes as the expectation of default, according to the (E)E months, the reporting date. These contract amounts, which probability, are applied to a forecast (E)E and multiplied by the reported (E)E and determined by an approximation to the original



The management believes the effect of the credit policy

is to avoid excess of liquidity. The Bank does not typically experience liquidity or other issues in its credit portfolio, but manages internal limits to ensure funds, generally at market, or with reasonable debt, stay within limits set forward to the management. As a result of this practice, the additional liquidity credit high exposure pressure are not recorded on the Statement of Financial Position.

1.2.2.8 **Write-offs**

The Bank's accounting policy under IFRS 9 requires the write-off of non-impaired (NFI) or financial assets and liabilities of other parties or to their extent only when the Bank has stopped pursuing the recovery of the amount to be written off. It is greater than the accumulated loss, otherwise the difference is not treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are recorded in the income statement.

1.4.0 **Transitions for Reporting Period**

All financial events after the reporting period have been considered where appropriate adjustments or disclosures are made. It applies retroactively to the financial statements. Credit Bank of Montreal issued circular on 01 of 01 to May 2022 with a view of facilitating to meet the challenges faced by business & individuals due to COVID-19 payment deferrals & moratoriums recorded on September 2020 as per circular on 01 of 2021. Accordingly Bank already reflects the consequences in May 2022 and accordingly bank is in the process of assessing the impact on its rights business by the recorded 01/01/2022.

Change in rate of IFRS on financial assets or liabilities per provision of the Government Bill issued on 1 January 2022 & the same provision is recorded for 2022 on financial assets.

What IFRS Director

Bank of Montreal (BOM) has successfully issued a new set of financial statements to the shareholders, recognizing and measurement of credit losses. It is effective from 1 January 2022. The identification of the underlying assets (NFI) consists of the amount in suspense although it is not a stage classification, changing the existing cross default rate, secondary provisioning rate by stage and loss, and loss rate by geographic financial assets (stage 1). However, the new IFRS 9 is applicable only to the loans loss to IFRS after January 2022 with the difference categorized as IFRS under the write-off losses will remain as it is and it will not affect.

1.2.1 **Initial Fyri Instructions with Government and Commercial Related Entities**

The bank does not meet the disclosure obligation under para 10 of IFRS 18.

1.2 **Significant accounting policies: Recognition of income and expenses for financial institutions**

1.2.1 **Interest Income**

Bank's interest income are given in the note number 10.

1.2.2 **Interest and Similar Income**

The Bank calculates interest income by applying the IFRS to the gross carrying amount (financial asset after the credit-impaired assets). When a financial asset becomes credit-impaired and is therefore reported as Stage 2 the Bank calculates interest income by applying the effective interest rate to the net-amortized cost of the financial asset.

Interest income on all banking assets and financial assets, including acquired, is measured at IFRS. It recognized using the contractual interest rate. It is not banking income and Net gains/losses on financial assets or liabilities through profit or loss, respectively.



<p>14.1. Financial Accounting Institute <i>Study of Y-axis (Income taxes) and current² as given below)</i></p>	<p>100: Amendments to IASB I and IASB E with effect from 01/01/2020 <i>(Elimination of several descriptions in IASB I "Presentation of Financial Statements" and IASB E "Accounting entities, Changes in accounting policies and errors" are made to align the definition of "variable" across the standard and to clarify certain aspects of the definition. The new definition consists of: "Information is material if omitting it concealing it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of their financial statements, and/or possible financial statements, about a specific reporting entity. The amendments to the definition of material are not expected to have a significant impact on the final Financial Statements."</i></p>
<p>10: Standard board but not yet written as of 31 December 2019 <i>The amendments to the following existing IFRS (and Accounting Standard) which were effective from 1 January 2020 do not have a corresponding or the financial statements of the bank.</i></p>	



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

22. Gross income

Accounting Policy

Gross income is recognised in the current year if it is probable that the economic benefits will flow to the Bank and the revenue can be

reliably measured. The specific recognition criteria used also lie in the nature of the recognition.

	2020 \$m	2019 \$m
Interest income	2,200,000	2,082,000
Fee and Commission Income	2,028,000	1,523,000
Net Profit from Sales (Losses) from P&I PPH	26,000	2,098,000
Net Other Operating Income	48,000	200,000
Gross Income	4,302,000	5,903,000

23. Net Interest Income

Accounting Policy is described in Note 1.1.1.

	2020 \$m	2019 \$m
Interest Income		
Financial Institutions (Other Banking Income)	4,000	3,000
Financial Assets at Amortised Cost:		
Loans and Advances	1,800,000	1,800,000
The Carrying Value of Non-current Loans	1,500	1,500
Adjusted Net Interest Income on Financial Assets at Amortised Cost		
Less: Net Amortisation Cost (Impairment) on Loans - Interest	(200,000)	(200,000)
Interest on Other Instruments	400,000	200,000
Interest Income	2,200,000	2,082,000
Interest Expenses		
Due to Banks		
Financial Liabilities at Amortised Cost:		
Due to Suppliers	200,000	1,500,000
Due to Other Borrowers	800,000	1,000,000
Total Interest Expenses	1,000,000	2,500,000
Net Interest Income	1,200,000	(418,000)
Net Income from All Loans (Impaired) Available		
Interest Income	1,000,000	2,000,000
Expected Credit Expenses		
Net Interest Income	1,000,000	1,500,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

25. Net Fee and Commission Income

Net fees and commission income from wrap of services which are provided over the period of time.

	2022 R	2021 R
Fee and Commission Income	27,000,000	27,000,000
Net Fee and Commission Income	27,000,000	27,000,000
Competition		
Bank Service Charges, Interest and Expenses	(1,000,000)	(1,000,000)
Legal, External Fees, Income and Expenses	(2,000,000)	(2,000,000)
Other Charges	(500,000)	(444,000)
Net Fee and Commission Income	23,500,000	23,556,000

26. Net Fair Value Gains (Losses) From Financial Instruments at Fair Value Through Profit or Loss

Accounting Policy

Net trading income includes all gains and losses not related directly to financial

instruments reported through profit or loss/other comprehensive income.

	2022 R	2021 R
Gains on financial assets at fair value through profit or loss	10,000,000	10,000,000
Losses on financial assets at fair value through profit or loss	(100,000)	(100,000)
Total	9,900,000	9,900,000

27. Other Operating Income (Loss)

Accounting Policy

Netted earned from financial assets reported at fair value through other comprehensive income is recognized when

the group right to receive the payment is established.

	2022 R	2021 R
Interest Income	10,000,000	10,000,000
Dividend Income	10,000,000	10,000,000
Other Operating Income (Loss)	(10,000,000)	(10,000,000)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

66. Equipment Charges (based) for Loans and Other Loans

Accounting Policy

The Bank recognises the charges in its equipment accounts for all financial instruments, which are covered in part 1 under Financial Reporting Standard - 2019 1 as "Financial Instruments" the movement of equipment loans only under part 2 of category of financial assets

management, as per the classification of the amount and timing of future cash flows, and different policies when derecognising equipment loans and the movement of a significant interest in will not affect the equipment is explained in Note 16 in the Financial Statement.

	2023 IN	2022 IN
Financial Instruments of 60 - Loans and Advances		
Stage 1	60,00,000	50,00,000
Stage 2	10,00,000	20,00,000
Stage 3	40,00,000	60,00,000
Other Financial Assets at amortised cost		
Stage 1	20,00,000	10,00,000
Stage 2	-	-
Stage 3	-	-
Total	1,00,00,000	1,40,00,000

67. Provisional Expenses

Accounting Policy

(i) Defined contribution plan

Bank operates under provisioned Defined Contribution plan during the financial year 2023. Contributions made with accrual basis of expense under "Provisional expense" liquid contribution as accrual basis liability.

(ii) Integrated Provision Fund

Accounting policy is disclosed in the 2023

(iii) Integrated Staff Fund

Accounting policy is disclosed in the 2023



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Staff Expenses	2022 \$	2021 \$
Salaries and Wages	20,742,000	20,218,000
Defined Contributions Plan (PFI & PFI)	(4,242,000)	(4,200,000)
Defined Benefits Plan - Group-Terminated	20,000,000	18,762,000
Reimbursement of Staff Loans	(4,012,000)	(4,000,000)
Travel and Other Travel Expenses	2,200,000	4,200,000
Staff Study and Training	2,842,000	2,200,000
Medical Expenses - Expenses	(4,000,000)	(4,000,000)
Medical Expenses - Provision (PFI)	4,000,000	(4,000,000)
Retiree	1,100,000	1,100,000
Insurance	2,000,000	2,000,000
Staff Loan Forgiveness (PFI)	(2,000,000)	(2,000,000)
Competition		200,000
OT Expenses	2,400,000	2,400,000
Total	40,100,000	39,980,000

Loan - PFI Provisions

Staff Loan Forgiveness (PFI)	(2,000,000)	(2,000,000)
Medical Expenses - Provision (PFI)	(4,000,000)	(4,000,000)
Retiree Loan	(2,000,000)	(2,000,000)

PFI - Contributions - Retired staff medical scheme

	2022 \$	2021 \$
Amount recognized & accrued	4,000,000	4,000,000

PFI - Retired staff medical scheme has been established for the all employees of the Bank. As financial contributors were covered not by W.M. Proquinonoff, A.S., of Messrs. Bouchard & Management Consultants (PFI) Ltd., a firm of professional actuaries, on 31 December 2022. (Refer Note)

Contributor - Bank	2022 \$	2021 \$
Amount recognized & accrued	(4,000,000)	(4,000,000)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

16. Other Expenses

Accounting Policy

Other operating expenses are recognised in the Statement of Profit or Loss on the basis of a direct causal link between the incurrence and the arising of specific items of income. A proportionate measure of the running of the business and maintaining the property plant and equipment is charged to the Statement of Profit or Loss in writing at the year end. Provisions in respect of other expenses are recognised

where the bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources entailing a sacrifice of benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Expenses of depreciation and amortisation of property plant and equipment and identifiable intangibles are separated from other expenses and the benefits thereon allocated to income.

	2023 %	2022 %
General Expenses	1,070,000	901,000
Staff Expenses	1,080,000	1,000,000
Professional and Legal Expenses	1,140,000	1,022,000
IT & Administration and Information Systems	261,700	261,000
Advertising and Promotional Expenses	1,320,000	1,000,000
Other Staff Expenses & Training	100,000	110,000
General Expenses	1,144,000	1,100,000
Other Expenses (Net of other income)	-	-
2023 Capital Income	1,000,000	1,000,000
2022 Expenses	1,140,000	1,100,000
Total	1,144,000	1,100,000

Impairment Provision of Property Plant and Equipment

Impairment - Property Plant and Equipment	1,000,000	1,000,000
Impairment - Loans/Assets	1,000,000	1,000,000
Total	2,000,000	2,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

8. Tax Expenses

Accounting Policy

Current Tax Expenses - Tax Rate 30%

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Comptroller General of Internal Revenue in respect of the current or next or other years. The tax returned but have paid or computed amount are those that are recorded or subsequently assessed in the reporting date, accordingly provision for current or future tax liability of the accounting profit in the year as adjusted for the tax consequences as described with the provisions of the Internal Revenue Act No. 19 of 2017 and the amendments thereto of the same period to date (2).

Deferred Taxation - Tax Rate 30%

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts in financial reporting papers. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, in the extent

that it is probable that taxable profits will be available against which they can be used.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Where agreed without for used an amount or each reporting date, and an exception to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realized or the liabilities are settled, based on forecasts of law that have been enacted or substantially enacted at the reporting date.

Waffle classified tax rate increased from 20% to 30% in the year 2022, and a newly implemented Social Security Contribution Levy of 1.0% came in to effect, with 30% of taxable amount increased from 30% to 33% on 1st of January 2022.

	2022 %	2021 %
Current Tax Expense		
Current Tax	1,000,000	-
Deferred Tax Expense/(Credit)	200,000	(30,000)
Total	1,200,000	(30,000)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

(11) Reconciliation of Tax Expense

	2023 (£'000)	2022 (£'000)
Profit/(Loss) for the year	12,212,000	8,100,000
Adjustment in respect of current tax for other periods		
With the effect of expense accruals relative to actual liabilities for the period	(1,100,000)	(1,000,000)
Lower tax effect of expenses that are deductible for tax purposes	(1,000,000)	(2,000,000)
- Interest on loans	(1,000,000)	(2,000,000)
- Other	(0)	(0)
Timing Payments - Tax Liabilities		
Adjusted Profit for the Year	10,112,000	5,100,000
Current tax on Profit for the Year	2,022,400	1,020,000
Taxable benefit on defined pension plans	-	-
Expenses on non-deductible liabilities	(10,090)	(1,100,000)
(New/Revised) Provisional Payments		
Tax Expense for the Period	(1,060,400)	(1,080,000)

(12) Tax Deferred Tax (Credit) Charge in the Income Statement and Other Comprehensive Income Components from the changes on the following

	2023 (£'000)	2022 (£'000)
Interest on Loans		
Property Plant & Equipment	25,000,000	24,100,000
Employee Benefit Obligations	10,000,000	10,000,000
Impaired Assets	(2,000,000)	(2,000,000)
Right of Use Assets	(2,000,000)	(2,000,000)
Deferred Tax Liabilities	(200,000)	(200,000)
Other Tax Liabilities	-	(1,000,000)
Balance Tax Assets	41,000,000	40,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

12. Analysis of Financial Instruments by Measurement Basis - Item - Current Year (2023)

Accounting Policy

The carrying amount of financial instruments is category as defined in the table presented Reporting Standard - 2023 & as "Financial

Instruments" with heading of the "Balance Sheet of Financial Position as presented below".

	IN DL.	IN	INR.	INR.	INR.
ASSETS					
Call and cash equivalents		10,00,000			10,00,000
Receivables		10,00,000			10,00,000
Loans and advances		10,00,00,000			10,00,00,000
Staff loans		10,00,000			10,00,000
Investment		10,00,000			10,00,000
Inventory		10,00,000			10,00,000
Prepaid		10,00,000			10,00,000
Other			10,00,000		10,00,000
Unsettled				10,00,000	10,00,000
Guaranteed	10,00,00,000		10,00,000	10,00,000	10,00,00,000
LIABILITIES					
Non-current					
Financial					
Payable		10,00,000			10,00,000
Due		10,00,000			10,00,000
Unsettled	10,00,00,000				10,00,00,000

IN - Non-current and financial instrument as presented

INR - Current and financial instrument as presented

INR - Current and financial instrument as presented



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

2023 Financial Statements

	€	€m	€000	£m
ASSETS				
Property, plant and equipment	1,040,719	-	-	818,673
Intangible assets	32,029	-	-	25,459
Lease intangibles	1,199,000	-	-	948,000
Goodwill	84,000	-	-	66,800
Financial assets	2,200,000	-	-	1,742,000
Receivables	1,000,000	-	-	790,000
Inventory	440,000	-	-	352,000
Commercial rights	-	-	-	-
Cash	-	2,000,000	-	1,580,000
Deposited shares	-	-	4,000	3,200
Financial assets	1,000,000	2,000,000	1,000,000	790,000
LIABILITIES				
Due to banks	-	-	-	-
Equity				
Shareholders' equity	1,000,000	-	-	790,000
Due to other shareholders	1,000,000	-	-	790,000
Shareholders' equity	1,000,000	-	-	790,000

11 Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include cash in hand, amounts held in banks, money orders and other receivables that are subject to an insignificant risk of change in their value. Cash and cash

equivalents are carried at cost and are recognised in the Statement of Financial Position with banks and money orders and other receivables included in the department as per 2.1.1.1.1 in Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 %	2021 %
Trade Receivables	100.000000	100.000000
Provision on trade receivables	(100.000000)	(100.000000)
Total	0.000000	0.000000

14. Provisions with banks

Accounting Policy

Provisions with banks include deposit bank deposits placed in banks that are subjected to liquidation risk of changes in the value, and are used by the Bank and the Group in the management of its short-term investments.

They are included in the Financial Statements at their face value at the gross value less impairment allowances. The Group has indicated impairment provision equal to 100% of "Three 90 day period" in case of current category portfolio bank.

141

	2022 %	2021 %
Provisions		
W/B	100.000000	
Trade	100.000000	
W/B		
W/C		
Off-Balance		
W/B		
Settings for trade receivables		
W/B	100.000000	100.000000
W/C	100.000000	100.000000
Impairment	100.000000	100.000000
W/B	100.000000	100.000000
W/C	100.000000	100.000000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

14

	2023 €	2022 €
Step 1		
Opening balance as at 01/01/2023	5,000	20,000
Change/With held to income statement	(4,000)	(20,000)
Wife of being for year		
Other movements		
Closing balance as at 31/12/2023	1,000	0
Step 2		
Opening balance as at 01/01/2023		
Change/With held to income statement		
Wife of being for year		
Other movements		
Closing balance as at 31/12/2023		
Step 3		
Opening balance as at 01/01/2023		
Change/With held to income statement		
Wife of being for year		
Other movements		
Closing balance as at 31/12/2023		
1. Net Financial Assets	10,000,000	10,000,000

15

Netted Equity Perpetual Through Profit or Loss

	2023 €	2022 €
Net Equity 2023	1,000,000	1,000,000
Total	1,000,000	1,000,000

1. Analysis

	2023 €	2022 €
By contribution		
Partial contribution		
Uncontribution	(1,000,000)	(1,000,000)
Total total	1,000,000	1,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. Financial Assets at Amortized Cost – Loans and Advances

Accounting Policy

Loans and advances include amortizable financial assets with fixed or determinable payments that are not traded in an active market, other than derivatives, which is sold immediately or in the near term and those that the bank uses to hedge investments, together as it be when through debt or less than term loans, upon initial recognition, measure financial assets measured at the value through other comprehensive income. These loans require minor adjustments of the initial measurement, other than due to credit deterioration.

Loans and advances include amounts less than face and other features. After initial measurement, loans and advances are subsequently measured at amortized cost using the effective interest rate method. Realized gain is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the loan. The provision is included in "Income taxes" in the Income Statement. The losses arising from impairment are recognized in "Impairment charge on loans and other assets" in the Income Statement.

91

	2023	2022
	\$	\$
Loans and advances	6,000,000,000	5,422,000,000
Stage 1	5,402,000,000	4,846,000,000
Stage 2	598,000,000	576,000,000
Stage 3	100,000,000	100,000,000
Loans to consolidated financial entities	3,000,000,000	3,000,000,000
Stage 1	2,900,000,000	2,900,000,000
Stage 2	40,000,000	40,000,000
Stage 3	60,000,000	60,000,000
Net loans and advances	4,000,000,000	3,700,000,000
Less: Fair Value Impact of Measurement Loans	(200,000,000)	(1,000,000,000)
Carrying Value of Loans and Advances	3,800,000,000	2,700,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

15.2 Assets

	2020 R	2019 R
By product		
Monetary	504,000,000	5,090,760,000
LI	5,000,000,000	12,200,760,000
Others		
Staff loans	500,000,000	100,000,000
Prepaid loans	500,000,000	100,000,000
Others	1,000,000,000	1,000,000,000
Total		
Liabilities for (by) difference - staff loans	100,000,000	10,000,000
Group Total	6,000,000,000	16,390,760,000
By collateralization		
Collateral held as security	5,000,000,000	11,000,000,000
Other financial instruments	1,000,000,000	5,390,760,000
Group Total	6,000,000,000	16,390,760,000

15.1 Movements in impairment during the year

What does the evidence available that an impairment has been incurred. Measurement of the loss is measured based on difference between the asset's carrying amount and the present value of estimated future cash flows net of carrying amount of the asset is verified and changed in previous period and the amount of the loss recognized in the current business.

The present value of the estimated future cash flow is determined at the financial year-end, subject only when the calculation of the present value of the estimated future cash flow of a collateralized financial asset will then be for sale value less any discounts of discounts to cashflow.

1. Collective measurement of impairment

If bank is determined that an objective evidence of impairment exists, the an collectively measured financial asset, then

an homogeneity of the product nature of the asset and of financial assets with similar credit risk characteristics and collecting measures that be impairment

2. Individual measurement of impairment

The financial assets included in assessed that bank as security for loan, loans and advances to customers as well as financial assets of assessed and debt and other instruments, to find the reasons, objectively whether objective evidence of impairment exists in financial assets that are individually significant, is collectively be financial assets that are not individually significant, if the bank determines that an objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collecting measures that be impairment



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Bank has an attributable amount for impairment and for credit loss impairment that is in addition to, recognized as a liability for collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the amortizing amount and the present value of estimated future cash flows (including those expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the net credit impairment provision account and the amount of the loss is recognized in the Income Statement. Interest income continues to be accrued on the carrying amount of the asset of interest until it becomes due, when such loss for the purpose of measuring the impairment loss. The interest income is recorded as part of "Income and other income".

The present value of the estimated future cash flows is determined at the lowest available market interest rate. The loss has a credit structure. The loss is recognized as an impairment loss in the current P/L. If the bank classified trading assets to held-for-trading, the amount will be recognizing any impairment loss to the current P/L with a debit to the credit loss. The calculation of the present value of the estimated future cash flows, at a calculated financial asset value, the bank that has been held for trading was used for estimating and

setting the estimated amount as an impairment and probable losses together with the associated allowance on either of other loss is no matter present of future income and all related to the nature of the loss. In addition, in the bank, if in a subsequent year, the amount of the estimated impairment has increased or decreased because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the difference amount. If a write-off is determined, the recovery is credited to the "Credit loss income".

Write-off of loans and advances

The bank accounting entry for write-off credit 2021 is transfer the asset to 1 year under 100% of Loss and the related impairment allowance recorded as a credit entry. If other parties in a writing, when loss is no matter present of recovery and all possible steps have been exhausted in recovering loss. When loss is incurred, the bank generally also except if any present, that the realization of exactly if the amount to be written off is greater than the accumulated loss allowance. An allowance is not recorded as an addition to the allowance that has been applied against the gross carrying amount. It is written off the amount of the recovery is sufficient to "allow operating income".



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

	2023	2022
Step 1		
Opening balance as at 01/01/2023	40,000,000	40,000,000
Change/With-hold to Income Statement	10,000,000	(10,000,000)
With-hold during the year		
Closing balance as at 31/12/2023	50,000,000	30,000,000
Step 2		
Opening balance as at 01/01/2023	100,000	100,000,000
Change/With-hold to Income Statement	(75,000,000)	0
With-hold during the year		
Closing balance as at 31/12/2023	25,000,000	100,000,000
Step 3		
Opening balance as at 01/01/2023	100,000,000	1,000,000,000
Change/With-hold to Income Statement	0,000,000	0,000,000
With-hold during the year		
Closing balance as at 31/12/2023	100,000,000	1,000,000,000
Total	1,950,000,000	2,000,000,000

10 Financial Assets at Amortised Cost - Held for Other Instruments

Accounting Policy

Financial assets at amortised cost - Held for other instruments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the bank has the intention and ability to hold to maturity. Any initial measurement, financial assets at amortised cost - Held for other instruments are subsequently measured at amortised cost using the Effective Interest Method. Amortised

cost is calculated by adding the amount any discount or premium on acquisition and fees that are an integral part of the debt. The amortisation is calculated in "interest accretion expense" in the Income Statement. The fees arising from investment of such instruments are recognized in the Income Statement for "Investment Income".



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

	2022 R	2021 R
Revenue	1,000,000	950,000
Operating Profit	200,000	180,000
Finance Income	50,000	40,000
Finance Expense	(20,000)	(10,000)
Profit before Tax	230,000	200,000
Income Tax Expense	(50,000)	(40,000)
Profit after Tax	180,000	160,000

11. Analysis

By geographical area		
Revenue		
Operating Profit		
Finance Income	50,000	40,000
Finance Expense	(20,000)	(10,000)
Profit after Tax	180,000	160,000

12. Segment

Operating Income of 2022/2021	1,000,000	
Change (2022 less 2021) income statement	50,000	(50,000)
Write off during the year		
Other movements		
Operating Income of 2022/2021	1,000,000	1,000,000
Operating Income of 2022/2021		
Operating Income of 2022/2021	1,000,000	1,000,000

13. Financial Results of Year Value Through Other Comprehensive Income

Accounting Policy

Equity and debt securities are classified under Financial Assets (at Fair Value Through Other Comprehensive Income). Equity securities classified as fair value through Other Comprehensive Income are those which are held as strategic investments. Fair value

in this category are those which are intended to be held to an indefinite period if the fair value may be sold to respond to needs for liquidity or in response to changes in the market conditions.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

Equity investments held either through other comprehensive income

Such loss is classified under equity investments under FVOCI when they meet the definition of equity under IASB 32 in "Financial Instruments: Presentation" and

are not held for trading. Such classification is dependent on an assessment by management.

Breakdown of fair value through Other Comprehensive Income:

	2022	2021
Invested Items		
Loss	6,540,000	6,540,000
Profit/Loss	60,000	60,000
Balance	6,580,000	6,600,000

181 Analytic

By contribution		
Project contribution		-
Unallocated	6,580,000	6,600,000
Share total	6,580,000	6,600,000

182 Property Plant and Equipment

Accounting Policy

Scope of Recognition

Property plant and equipment are recognized if it is probable that future benefits associated with the asset will flow to the entity and cost of the asset can be reliably measured. Property plant and equipment are initially measured at cost including every directly attributable to the acquisition of the asset.

Scale of measurement

The fair value of property plant and equipment that qualify for recognition as an asset is reliably measured at cost. Fair value is estimated that is directly attributable to the acquisition of the asset and subsequent cost. The fair measured assets include the cost of material and other items, any other costs

directly attributable to bring the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located and installed temporary works. Functional activities which is integral to the functionality of the related equipment is capitalized as part of equipment component.

Depreciation

The fixed capital cost model is property plant and equipment owned by the state and building and results at cost of purchase or construction together with any additional expenses. However, an investment-type items will use accumulated impairment loss.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

11

a. Property, Plant and Equipment

Cost	Accumulated Depreciation	Net Book Value
Cost at 1st January 2023	£1,200,000	£1,200,000
Disposals	(£100,000)	(£100,000)
Depreciation	(£100,000)	(£100,000)
Cost at 31st December 2023	£900,000	£900,000
Cost at 1st January 2022	£1,100,000	£1,100,000
Disposals	(£100,000)	(£100,000)
Depreciation	(£100,000)	(£100,000)
Cost at 31st December 2022	£900,000	£900,000
Cost at 1st January 2021	£1,000,000	£1,000,000
Disposals	(£100,000)	(£100,000)
Depreciation	(£100,000)	(£100,000)
Cost at 31st December 2021	£800,000	£800,000
Cost at 1st January 2020	£900,000	£900,000
Disposals	(£100,000)	(£100,000)
Depreciation	(£100,000)	(£100,000)
Cost at 31st December 2020	£700,000	£700,000
Cost at 1st January 2019	£800,000	£800,000
Disposals	(£100,000)	(£100,000)
Depreciation	(£100,000)	(£100,000)
Cost at 31st December 2019	£600,000	£600,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2024

S.No.	Balance	Transfer to PPE and Other Equipment	Depreciation	Transfer to Reserve	Net Book Value	Net
2023 Financial Year						
Carried Over	20,76,234	11,22,236	11,22,236	4,20,236	6,35,800	60,94,141
Opening Balance as at 01/01/2024						
Additions	-	1,10,000	1,10,000	6,00,000	-	1,10,000
Transfer to Reserve	6,00,000	1,10,000	1,10,000			6,00,000
Adjustment	-	-	-	4,00,000	4,00,000	-
Closing Balance as at 31/12/2024	26,76,234	12,32,236	12,32,236	10,20,236	6,35,800	62,04,141
2024 Financial Year						
Carried Over	26,76,234	12,32,236	12,32,236	4,20,236	6,35,800	62,04,141
Closing Balance as at 31/12/2024						
Depreciation	-	1,10,000	1,10,000	1,10,000		1,10,000
Additions	6,00,000	1,10,000	1,10,000	4,00,000	1,10,000	6,00,000
Closing Balance as at 31/12/2024	32,76,234	13,42,236	13,42,236	8,30,236	7,45,800	68,14,141
Net Book Value as at 31/12/2024	-	12,32,236	13,42,236	10,20,236	-	13,42,236

3.1 Fully Depreciated Property, Plant and Equipment

Fully Depreciated Property, Plant and Equipment with other financials:

As at 31 December	2024	2023
Net Book	13,42,236	13,42,236
Property, Plant and Equipment	13,42,236	13,42,236
Depreciation	13,42,236	13,42,236
Transfer to Reserve	4,00,000	4,00,000
Net	9,42,236	9,42,236



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

15.2 Intangibly identifiable Property Plant and Equipment

There were no intangibly identifiable property plant and equipment as at year-end date.

15.4 Property Plant and Equipment Retired from Active Use

There were no property plant and equipment retired from active use as at year-end date.

classified as held for sale in accordance with IFRS 5. The current assets held for sale are disclosed separately.

16 Deferred Tax Assets (Liabilities)

Accounting Policy

Accounting Policy on Deferred Tax Assets (Liabilities)

	2022 R	2021 R
Opening Balance (2021/2020)	2,017,140	2,017,140
Change for the year/period		
- Additions	(28,290)	(28,290)
- Withdrawal / Asset exchange in Month	-	-
- Other Changes (Increase/Decrease)	1,000,000	1,194,490
Closing Balance (2022/2021)	1,988,850	2,017,140

16 Other Assets

	2022 R	2021 R
Banking Bank	1,042,000	9,000,000
Capitalized Payments	1,000,000	1,000,000
Prepaid Staff Loans	2,000,000	2,000,000
MR Receivables	1,000,000	1,000,000
MR Payables	(800,000)	(800,000)
MR Receivables	-	-
MR Receivables (Intercompany account)	1,000,000	1,000,000
Other Receivables - Other (Other/Staff Expenses)	1,000,000	-
Other	1,000,000	4,000,000
Total	6,042,000	18,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. Due to Banks

	2023 %	2022 %
Banking (100)	100	100
Overpayments	-	-
Total	-	-

23. General condition of overdraft used

Accounting Policy

Due to deposits include savings deposits and term deposits. Information to 2023 complete reports are covered at the

covered (or) only the subject items will be available for analysis specifically for banks/financial institutions.

	2023 %	2022 %
Due to Deposits	40,00,00,000	40,00,00,000
Overpayments	-	-
Other Overpayment	10,00,00,000	10,00,00,000
Total	50,00,00,000	50,00,00,000

24. Analysis of amount due to depositors

	2023 %	2022 %
By Period		
Savings Deposits	10,00,00,000	10,00,00,000
Fixed Deposits	40,00,00,000	40,00,00,000
Other Deposits (Savings)	10,00,00,000	10,00,00,000
Total	60,00,00,000	60,00,00,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

23.2 Analysis of other borrowings

	2022 £m	2021 £m
Bank borrowings	151,952,000	92,044,000
Lease liabilities	28,012,000	28,012,000
Total	179,964,000	120,056,000

24. Employee benefits

The Group measures the Present Value of Defined Benefit Obligations (PVOBO) which is a defined benefit plan with the status of a qualifying pension scheme using the Projected Unit Credit Method.

The actuarial valuation involves making assumptions about financial data, expected rates of return on assets, stock taking increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The company benefit obligation as at 31st December 2022

is calculated based on the actuarial valuation report as of 31st December 2022, carried out by Actuarial Management Consultants (UK) Ltd.

The key assumptions used by the company include the following:

	2022	2021
Real discount rate	3.00%	3.00%
Rate of salary increases	2% - 7%	2% - 7%
Retirement Age	65.00 years	65.00 years

25. Dividend

	2022 £m	2021 £m
Dividend for 2022		
Dividend on the Beginning of the Year	49,000,000	49,000,000
Dividend for 2021	49,000,000	49,000,000
Dividend for 2020	49,000,000	49,000,000
Dividend for 2019	49,000,000	49,000,000
Dividend for 2018	49,000,000	49,000,000
Total	245,000,000	245,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Quarterly Analysis of Interest Income and Interest Expenses

	2023	2022
Quarterly change/variation of interest income and expense	(₹ 2000.00)	(₹ 2000.00)
A decrease/expense performance (1%) to the interest rate	2110.00	2110.00
A decrease/expense performance (1.5%) to the interest rate	4000.00	3600.00
A decrease/expense performance (1%) to the interest rate	4000.00	4000.00
A decrease/expense performance (1%) to the interest rate	2000.00	2110.00

Quarterly Profile of the Security Portfolio as at 31.12.2023

SEC. GROUP	No. Issues	2023 Value (₹ Lakhs)	2022 Value (₹ Lakhs)	2023 Weight (%)	2022 Weight (%)
2023.01.01	01	800.00	200.00	10	10.00
2023.01.02	01	1000.00	1000.00	12	12.00
2023.01.03	01	1000.00	1000.00	12	12.00
2023.01.04	01	1000.00	1000.00	12	12.00
2023.01.05	01	1000.00	1000.00	12	12.00
2023.01.06	01	1000.00	1000.00	12	12.00
2023.01.07	01	1000.00	1000.00	12	12.00
2023.01.08	01	1000.00	1000.00	12	12.00
2023.01.09	01	1000.00	1000.00	12	12.00
2023.01.10	01	1000.00	1000.00	12	12.00
2023.01.11	01	1000.00	1000.00	12	12.00
2023.01.12	01	1000.00	1000.00	12	12.00
2023.01.13	01	1000.00	1000.00	12	12.00
2023.01.14	01	1000.00	1000.00	12	12.00
2023.01.15	01	1000.00	1000.00	12	12.00
2023.01.16	01	1000.00	1000.00	12	12.00
2023.01.17	01	1000.00	1000.00	12	12.00
2023.01.18	01	1000.00	1000.00	12	12.00
2023.01.19	01	1000.00	1000.00	12	12.00
2023.01.20	01	1000.00	1000.00	12	12.00
2023.01.21	01	1000.00	1000.00	12	12.00
2023.01.22	01	1000.00	1000.00	12	12.00
2023.01.23	01	1000.00	1000.00	12	12.00
2023.01.24	01	1000.00	1000.00	12	12.00
2023.01.25	01	1000.00	1000.00	12	12.00
2023.01.26	01	1000.00	1000.00	12	12.00
2023.01.27	01	1000.00	1000.00	12	12.00
2023.01.28	01	1000.00	1000.00	12	12.00
2023.01.29	01	1000.00	1000.00	12	12.00
2023.01.30	01	1000.00	1000.00	12	12.00
2023.01.31	01	1000.00	1000.00	12	12.00
TOTAL	31	10000.00	10000.00	100	100.00



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2023

Assets

	2023 ₹	2022 ₹
Investment Securities (Net)		
Balance at the Beginning of the Year	20,79,239	20,79,239
Transfer Securities (Net)	1,00,000	1,00,000
Interest (Net)	21,000	20,90,000
Amortisation/Depreciation	(20,000)	(19,000)
Reserve Profit	(20,000)	(19,000)
Net	21,79,239	22,79,239
Goodwill/Intangible Assets	10,00,000	11,00,000

Reconciliation Analysis of Movement of Reserve Capitalization

Category	At the Commencement 31/03/2022 (₹)	At the Commencement 31/03/2023 (₹)
Reserve Capitalization Movement (Net)	10,00,000	10,00,000
Total	10,00,000	10,00,000

25. Other Liabilities

Accounting Policies

Other Liabilities include provisions made in respect of, loss and expenses, tax payable, unappropriated income, reserve fund

investment and other reserves. Reserve Liabilities are recorded at amounts reported to the regulator at reporting date.

	2023 ₹	2022 ₹
Reserve Capitalization	10,00,000	10,00,000
Account Payables	10,00,000	10,00,000
Other Liabilities	11,00,000	10,00,000
Transfer Capitalization	10,00,000	10,00,000
Reserve Capitalization by ITI (Net) (SBI/STI/STI/STI)	10,00,000	10,00,000
Customer Related Obligations	10,00,000	10,00,000
Net	10,00,000	10,00,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

20) Loans Payable

	2023 %	2022 %
Capital loan	10,614,000	10,000,000
Bank deposits	12,000,000	12,000,000
2023 Payable	10,210,000	10,000,000
2022 Payable	1,000,000	10,000,000
Total Payable	11,210,000	20,000,000
Amount due Payable		
Opening balance	-	-
Provisioned for year	11,210,000	-
Less/Under/Provision		-
Amount Settled		-
Closing balance	11,210,000	-

21) Subordinated Non-paid Capital

	2023 %	2022 %
Subordinated Capital	10,000,000	10,000,000
Subordinated Capital	10,000,000	10,000,000

As per the provisions of the State Mortgage and Investment Bank Act No. 01 of 1975 and amendments thereto, the subordinated capital is Rs. 100 million. Subordinated capital consists of the amounts contributing to the security 50% of the assets advanced to the Agricultural and Industrial Credit Corporation in terms of section 22 of the Agricultural and Industrial Credit Corporation Ordinance together with the amount of the advances of the Agricultural and Industrial Credit Corporation and the amounts standing to the credit reserve fund of the State Mortgage Bank on the terms 100% covered part of the capital of the Bank and if such amounts are drawn to be contributed to the capital of the Bank by the Government.

The Government after the appointment date of 01 January 1975 made a contribution to the capital of the Bank to fund the advances of such contribution together with the amount advanced to the other paragraph mentioned in PARAGRAPH 20 as at 31st December 2023.

Further as per the provisions of the Act, 2000 more than 50% to fund other such sums of money to further contribution to the capital of the Bank in such manner as the Bank desires it from the Government or any other source other to meet the needs of the Bank, if 20 Lakhs and above such sums of money shall come from the Government which shall be charged on the consolidated loan.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2023

22. Statutory Reserve Fund

	2022 Rs.	2021 Rs.
Opening Balance as at 1st January	48,94,000	48,94,000
Transfers During the Year	-	-
Closing Balance as at 31st December	48,94,000	48,94,000

23. Retained Earnings

	2022 Rs.	2021 Rs.
Opening Balance as at 1st January	2,00,00,000	2,00,00,000
Profit/ Loss Adjustments	1,00,00,000	1,00,00,000
Dividend Income	-	-
Transfers to Other Reserves	-	-
Other Comprehensive Income	1,00,00,000	1,00,00,000
Transfers to Other Reserves	-	-
Closing Balance as at 31st December	3,00,00,000	3,00,00,000

Profit/ Loss Adjustments		
Loans provided on secured basis		1,00,00,000
Net Income from operations	-	1,00,00,000
Other Income from operations	-	1,00,00,000
Transfers to Other Reserves		1,00,00,000
Transfers to Other Reserves		
Transfers to Other Reserves		
Total	1,00,00,000	3,00,00,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

23. Other Reserves

€ Bank - Current year 2020

€k

Name	Opening balance as at 01/01/2020	Decreases/ Increases	Closing balance as at 31/12/2020
General Reserve	102,200,000	-	102,200,000
Capital Reserve	174,000,000	-	174,000,000
Risk Indemnity Fund	1,000,000	-	1,000,000
Total	277,200,000	-	277,200,000

2019

€ Bank - Previous year 2019

€k

Name	Opening balance as at 01/01/2019	Decreases/ Increases	Closing balance as at 31/12/2019
General Reserve	102,200,000	-	102,200,000
Capital Reserve	174,000,000	-	174,000,000
Risk Indemnity Fund	1,000,000	-	1,000,000
Total	277,200,000	-	277,200,000

24. Contingent Liabilities and Commitments

Accounting Policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future event or present obligation whose the transfer of economic benefit is not

available or cannot be reliably measured as defined in the IAS 37 (Liabilities, Contingent Liabilities and Contingent Assets)

- 20) To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of letters of guarantees and other undrawn commitments to lend.

	2020	2019
Letters of credit	-	-
Other commitments	10,400,000	10,200,000
Total	10,400,000	10,200,000

In the normal course of business, the Bank enters various commitments and irrevocable contingent liabilities with legal recourse to the

customer. These commitments are contingent as a result of these transactions.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

20.2 Assessment received by the Bank

Following assessments were received by the Bank from the Department of Inland Revenue:

The information used for the assessment for the year of Assessment 2022/2023 has

assessed and Assessments being paid on the settlement. The following are assessment & assessing status, although normally in a state of liquid stage, is still in the process of settlement.

Period / No. Days	Stage No.	Assessment Date	Assess Status
2022/2023 Income Tax	Assessment	12/09/2023	State of liquid

As per the assessment calculation there will be no any additional liability arise from the above mentioned assessments.

21 Related party disclosures

Accounting Policy

The Bank control and transactions in the ordinary course of business are at arm's length basis, at commercial rates with parties who are defined as related parties as per the Sri Lanka Accounting Standard - 1001 21 on 'Related Party Disclosures'. Government of Sri Lanka, subsidiaries, joint ventures, trusts, plans for the Bank's employees, Key Management Personnel (KMP) Trusts,

insurance, banks, holding entities, shareholders, off-balance sheet transactions and provision of other banking and financial services that are control and in the ordinary course of business on an arm's length basis at commercial rates, other than transactions that the Key Management Personnel (KMP) have performed a transaction, are not considered as related parties, are disclosed below.

21.1 Transactions with Government of Sri Lanka (Government) and their controlled entities

As at 31 December	2022 Rs.	2021 Rs.
Government assets for Government Securities	1,000,000,000	999,999,999
Investments in state and state controlled entities	1,000,000,000	999,999,999
Due to Government (bank deposits)	999,999,999	1,000,000,000
Other receivables from Government	1,000,000	-
Total	2,000,000,000	2,000,000,000
Total pay	-	-
Net due to	-	-
Total Government & CGL	1,000,000,000	1,000,000,000
Total	2,000,000,000	2,000,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

22. Transactions with Key Management Personnel (KMPs)

According to clause 19 of Memorandum of Association, the Key Management Personnel include those who are having authority and responsibility for planning, directing and controlling the activities of the Bank and its subsidiaries and associates. The Board

of Directors, Members of the Executive Management of the Bank, Key Employees and Non-Executive Directors (NEDs) have been included as Key Management Personnel of the Bank.

22.1 Compensation to Key Management Personnel

	2023 ₹	2022 ₹
Short-Term Incentive Benefits	10,34,275	1,02,000
Long-Term Incentive Benefits	2,00,000	2,25,000
Total	12,34,275	1,27,000

22.2

(a) Transactions, arrangements and agreements existing between Key Management Personnel, Non-Executive Directors (NEDs) and entities that are controlled, significantly influenced by the Bank or Subsidiaries.

	2023 ₹	2022 ₹
Interest Income		
Interest Expense/Other Loans	1,00,000	1,00,000
Interest Paid to Depositors	1,00,000	1,00,000
Provision made as shown in P&L A/c	10,00,000	9,00,000
Provision of Provisional Provisions		
Dividend		
Salary and Allowance	10,00,000	10,00,000
Expenses		
Total	11,00,000	11,00,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

20. Loans

Accounting policy

Subsidiary recognition

The Bank recognizes right of assets and liabilities of the subsidiaries (as defined in the Loan Agreement), which is the amount value of loans payments to be made over the loan term.

Subsidiary measurement

Right of use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities.

Impairment and lease payments made at or before the commencement date are lease liabilities (including).

Derivatives, life and amortization

Under the Bank's reasonable view to derive ownership of the loan asset or the cost of the loan asset, the recognized right of use assets are depreciated at a straight-line basis over the terms of the relevant asset life and the lease term (Right of use assets are subject to business).

21. Amounts recognized in the balance sheet

The statement of financial position shows the following amounts relating to loans:

	2023 R	2022 R
Right of use Assets		
Cost		
Opening Balance	401,000,000	401,000,000
Additional Holdings	10,000,000	10,000,000
Closing Balance	411,000,000	411,000,000
Accumulated Depreciation		
Opening Balance	100,000,000	100,000,000
During the year (charge)	10,000,000	10,000,000
Closing Balance	110,000,000	110,000,000
Net Book Value	301,000,000	301,000,000
Lease liabilities		
Opening Balance	100,000,000	100,000,000
Additional	10,000,000	10,000,000
Interest Charge	10,000,000	10,000,000
Payments	(20,000,000)	(20,000,000)
Closing Balance	100,000,000	100,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

11.2 Amounts recognised in the statement of profit or loss

The Income Statement shows the following amounts relating to loans:

	2022 ₹	2021 ₹
Depreciation (lease of right of use assets)	-	-
Staffing	10,97,94,000	11,00,00,000
Interest Expense	10,55,69,000	12,54,52,000

11.3 Impact of income statements due to interest rate shock

	Impact to profitability
2022 - Scenario 10	100%
2021 - Scenario 10	100%

12 Reconciliation of WPI Expense

	2022 ₹	2021 ₹
Provision/expense for	111,20,70,000	43,02,00,000
Adjustment in Statement of Income account	-	-
WPI Expense (Provision) attributable to WPI Expense	111,20,70,000	43,02,00,000
WPI Expense due to other WPI by WPI Expense	1,62,66,000	1,02,22,000
Adjusted Profit for the Year	2,28,13,32,000	1,84,24,20,000
WPI Expense (Profit) for the Year	109,58,10,000	1,04,24,00,000
Other WPI Expense (Provision)	1,02,22,000	1,02,22,000
The Expense for the Period	110,60,30,000	1,05,26,20,000

12.1 Payable Reconciliation

	2022 ₹	2021 ₹
Opening WPI Payable	11,27,12,000	1,00,00,000
Provision made	1,00,00,000	9,80,00,000
Provision made	1,00,00,000	1,00,00,000
Being the amount utilised in WPI	-	-
Closed in WPI Statement account	-	-
Closing WPI Payable	11,27,12,000	1,00,00,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

20. Events occurring after the Date of Statement of Financial Position Accounting policy

Events after the reporting period are those events that occur between the reporting date and the date when the Financial Statements are authorized for issue. These are facts or events that occur after the date of Statement of Financial Position that require adjustments or disclosures in the financial statements.

21. Fair Value of financial instruments

Measurement of Fair Value and Fair Value Hierarchy

The bank uses the following hierarchy in measuring and disclosing the fair value of financial instruments by valuation:

Techniques

Level 1	Quoted (unconditional) prices in active markets for identical assets or liabilities
Level 2	Valuation techniques using observable inputs (quoted prices for similar assets and liabilities in active markets or quoted prices)
Level 3	Valuation techniques with significant unobservable inputs (such as valuation using significant observable inputs)

Net Financial Item	Level 1 %	Level 2 %	Level 3 %	Total %
Financial Assets				
Financial Liabilities (NPL)				
Capital Instruments / Total Equity	100.00%	-	-	100.00%
Financial Instruments (FOD)				
Loans	-	-	100.00%	100.00%
PLA Policy	-	-	100.00%	100.00%
Total Financial Assets	100.00%	-	100.00%	100.00%
Financial Liabilities	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

11 Fair Value of Financial Assets and Liabilities not covered in Fair Value

The following describes the methodologies and assumptions used to determine the value of those financial assets and liabilities which are not directly covered in the value in the Financial Statements:

Accrued Liability against Fair Value Approximate Carrying Value

The financial assets and liabilities that have a short term maturity (it is assumed that the carrying amount approximates their fair value) such as placements with bank, other assets due to securities and other liabilities. The assumptions described below are applied to the net savings deposits which do not have a specific maturity.

Short-Term Financial Instruments

The fair value of short-term financial assets and liabilities carried at amortised cost are calculated by comparing market values after they arise that are aligned with current market rates to the financial statements. The estimated fair value of short-term trading securities based on historical and live, using prevailing market interest rates for similar instruments credit risk and liquidity. For accrued debt based on the value on amortised basis on quoted market values.

ILLIQUID SUBSTANTIAL INVESTMENTS

Available are a list of reasons which reflect market movements. These fair carrying value represents the fair value of the available sub-instruments.

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Call and Cash Instruments	1,946,714,000	1,946,714,000	1,946,714,000	1,946,714,000
Placements with banks	10,000,000	10,000,000	10,000,000	10,000,000
Loans and receivables	4,900,000,000	4,900,000,000	5,700,000,000	5,700,000,000
TRM and Other instruments	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Financial assets - FVTPL	10,000,000	10,000,000	1,000,000,000	1,000,000,000
Financial assets - FVOCI	1,100,000	1,100,000	1,100,000	1,100,000
Other assets	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Substantial assets	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Liabilities				
Due to banks				
Due to customers	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Other liabilities	1,000,000	1,000,000	1,000,000	1,000,000
Other liabilities	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Substantial Liabilities	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

21. Determination of fair value hierarchy

Level 1

Applies to an asset or liability whose fair value is an active market for identical instruments. When available, the bank measures the fair value of an instrument using unadjusted prices or dealer quotes, without any adjustments for transaction costs.

Level 2

Applies to an asset or liability for which the bank uses a valuation technique for which all the inputs to the valuation technique are based on observable market data.

Level 3

The category includes all instruments for which the valuation technique includes inputs not based on observable data and the bank makes a significant effect on the instrument's valuation.

	Level 1	Level 2	Level 3	Total
2023				
Financial Assets				
Securities (BVs and Bonds)	\$2,111,752,000	--	--	\$2,111,752,000
Loans (Net)	19,022,000	--	--	19,022,000
Loans and Advances	--	--	96,308,000	96,308,000
Total	\$2,130,774,000	--	96,308,000	\$2,227,082,000
2022				
Financial Assets				
Securities (BVs and Bonds)	\$2,121,000,000	--	--	\$2,121,000,000
Loans (Net)	1,943,000	--	--	1,943,000
Loans and Advances	--	--	92,300,000	92,300,000
Total	\$2,122,943,000	--	92,300,000	\$2,215,243,000

22. Risk Management

The bank has established formal risk management practices to manage its inherent risk which covers, including identification, measurement and monitoring, subject to risk appetite and risk tolerance limits, of the bank. The bank is fully exposed to Credit Risk, Liquidity Risk, Market Risk and Operational Risk.

23. Risk Management Structure

The bank's Board of Directors holds responsibility for the establishment and oversight of the bank's risk management framework, is delegating its governance responsibility to monitor through its key committees the Board Integrated Risk Management Committee and the Board Audit Committee. The Board and the BMO's Senior Integrated



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

The risk management responsibility in the following operational management committees is in addition to risk within the scope of the Board's remit.

- Executive Integrated Risk Management Committee (EIRMC)
- Credit Risk Committee (CRC)
- Asset-Liability Committee (ALCO)

Board Integrated Risk Management Committee

Board Integrated Risk Management Committee (BIRMC) which is responsible for developing and monitoring SBI's risk management policies. The Committee consists of the following members:

Executive Integrated Risk Management Committee

EIRMC is chaired by General Manager (CR) of the bank and comprises key responsible officers and members of the risk exposure of the bank and setting of the risk tolerance limits and recommending of development and review of the risk management policy of the bank. The EIRMC is key operational forum.

Credit Committee

Credit committee is chaired by MD/CR of the bank and comprises a representative diversity and periodic review of the credit portfolio, credit record, monitoring and managing of the credit risk of the bank. The committee consists of the following members:

Asset-Liability Management Committee (ALCO)

ALCO is chaired by MD/CR of the bank and the committee is responsible to manage and monitoring of the interest rate risk of the bank, monitoring and managing of the liquidity

and solvency of the bank and monitoring and managing of the overall liquidity position of the bank.

20.2 Risk Management and reporting

Credit risk

Credit risk arises from the potential that an obligor is either unable to perform or an obligation to the bank to perform such obligation is impaired resulting in provisions to the bank. This is the primary category of risk which the bank must deal with the scope does of its credit portfolio officers and relations.

The credit risk policy gives a credit risk to comprise only business activities. The bank has developed a policy which defines the principles encompassing credit selection, the exposure, early identification, suitable level of concentration risk and portfolio monitoring which with bank's risk appetite. The policy is reviewed at least annually and approved by the Board of Directors ensuring consistency with the bank's business strategy.

Credit records maintained in full conformity with credit appraisal process, independent risk assessment, segregation of authority for loan sanction process, review of the portfolio and for credit risk mitigation. Collateral obtained are valued periodically as per regulatory guidelines. Loan review mechanism carried out by the risk management department of the bank ensure early identification of problem loans to safeguard the bank against possible losses.

20.2.1 Measurement of Expected Credit Loss (ECL)

Key assumptions, models and instruments used by measuring of ECL under IFRS 9 is disclosed under Accounting Policies Note 24.2.2.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Measurement of ECL

Stage 1 (12-month ECL)

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default occurring within the next 12 months is recognized. Such determination is made 12 months commencing about the date of origination of such instrument but not later than 12 months past due.

Stage 2 (Lifetime ECL – not credit-impaired)

For exposures where there has been a significant increase in credit risk since initial recognition but it is not credit-impaired at Balance Sheet date reflecting the remaining lifetime of the financial asset, a recognized ECL commensurate with the portion of the lifetime ECL determination is measured through the probability presumption of 12 months past due effect from the credit facilities categorized under Stage 2 in line with the requirements of the standard. Such also has considered all embedded loans, which are determined to be non-derivative, where their credit facilities exposures represent credit facilities that a higher stage to a lower stage scenario under Stage 2 to give the guidance issued by the International.

Stage 3 (Lifetime ECL – credit-impaired)

Exposures are measured as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired a Lifetime ECL is recognized. Lifetime ECL is determined by applying the effective interest rate to the estimated cash flow of probable credit loss, the gross carrying amount. Such difference credit facilities about contractual

payments of a contract are more than 90 days past due which are subject to the probable presumption as stated in 3.1.10. E together with all ECL classification is performed based classification. All contractual loans which are contractual more than 90 days past due of contractual loans after their credit facilities exposure reported credit facilities that a higher stage to a lower stage past due credit facilities exposure classified as non-performing or past due. Therefore, credit Stage 3.

ECL estimation process

Probability of default is the volume of the likelihood of default over a given time horizon. Probability of loss and volume is other exposures under ECL. It is simply based on the Stage 1/2/3/4/5 of the customer which is common for most banks in the country of concern. Accordingly, exposure has categorized among 5 groups based on the ECL is follow:

- Less than 90 days past due
- 90 to 180 days past due
- 181 to 270 days past due
- 271 to 360 days past due
- More than 360 days past due

The exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instrument subject to the required valuation, adjusting both the client's ability to increase its exposure while approaching default and potential early repayments on the Bank using Credit Conversion Factor (CCF) which explains the likelihood of default at contractual facilities at the time of default is calculated. The EAD of existing facilities in which customer have the ability to increase their exposure for non-existing facilities, already utilized amount plus any unused amount has been a consideration (EAD).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

2023 Tax Expense

The table below shows the Taxable Profit Less (2023) Charge on Financial Statements to the year on which the tax is assessed

31st December 2023	Step 1	Step 2	Step 3	Total
Loan & Loan Repayment	-	-	-	-
Loan & Balance with Current Year	-	-	-	-
2023 Loan Repayment Schedule	-	-	(170)	(170)
Repayment with other debts	202,000	-	-	202,000
Loan & Advances to Customers	16,233,146	14,360,410	4,967,146	35,560,702
2023 Repayment Loan	16,233,146	14,360,410	4,967,146	35,560,702

31st December 2023	Step 1	Step 2	Step 3	Total
Loan & Loan Repayment	-	-	-	-
Loan & Balance with Current Year	-	-	-	-
2023 Loan Repayment Schedule	-	-	(23,800)	(23,800)
Repayment with other debts	247,000	-	-	247,000
Loan & Advances to Customers	23,800,000	14,360,410	16,233,146	54,393,556
2023 Repayment Loan	23,800,000	14,360,410	16,233,146	54,393,556

Repayment Period	Rate	Description
Step 1	Step 1	Repayment
	15% 2023	Repayment
Step 2	20 to 25 days	Repayment
	4 to 10 days	Repayment
Step 3	20 to 25 days	Repayment



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020

Account Number	2020			2019		
	Page 1	Page 2	Page 3	Page 1	Page 2	Page 3
Financial Assets (primarily cash) (Assets not retained)						
Page 0101 - No existing loans	20000000	20000000	40000000	30000000	10000000	20000000
Page 0101A - Special reserves	10000000	10000000	20000000	10000000	10000000	20000000
Page 0101B - Subsidised	10000000	10000000	20000000	10000000	10000000	20000000
Page 0101C - Reserve	10000000	10000000	20000000	10000000	10000000	20000000
Page 0101D - Loan	10000000	10000000	20000000	10000000	10000000	20000000
Total	20000000	20000000	40000000	30000000	10000000	20000000
Financial Liabilities (primarily loans) (Liabilities not retained)						
Page 0201 - Borrowings	10000000	10000000	20000000	10000000	10000000	20000000
Page 0202 - Reserves	10000000	10000000	20000000	10000000	10000000	20000000
Page 0203 - Loans	10000000	10000000	20000000	10000000	10000000	20000000
Page 0204 - Other	10000000	10000000	20000000	10000000	10000000	20000000
Total	20000000	20000000	40000000	30000000	10000000	20000000
Financial Assets & Liabilities (net)						
Page 0301 - Net Assets	10000000	10000000	20000000	10000000	10000000	20000000
Page 0302 - Reserves	10000000	10000000	20000000	10000000	10000000	20000000
Page 0303 - Loans	10000000	10000000	20000000	10000000	10000000	20000000
Page 0304 - Other	10000000	10000000	20000000	10000000	10000000	20000000
Total	20000000	20000000	40000000	30000000	10000000	20000000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

28.2.2 Analysis of Risk Concentration

The Bank's concentration of risk as managed by industry sector. The following table shows

the risk concentration by industry by the composition of the statement of financial position. Within the assets represented by "Other" include specialized loans.

Asset Risk Pool	Placed Assets	Receivable Assets	Contractual Assets	Liabilities	Net	Net %
Financial Assets						
Government securities	12,822,000					12.82%
Secured and other loans	10,772,000					10.77%
Assets administered by others						
- Money			100,000,000			100.00%
- CP			10,000,000			10.00%
- Other			100,000,000			100.00%
- Total			200,000,000			200.00%
- Other				100,000,000	100,000,000	100.00%
Financial liabilities - FV	100,000,000					100.00%
Financial liabilities - B	100,000,000	100,000,000				100.00%
Financial liabilities - FVBI	1,000,000					1.00%
Total	23,594,000	100,000,000	200,000,000	100,000,000	23,594,000	23.59%

Asset Risk Pool	Placed Assets	Receivable Assets	Contractual Assets	Liabilities	Net	Net %
Financial Assets						
Government securities	1,500,000					1.50%
Secured and other loans	2,000,000					2.00%
Assets administered by others						
- Money			100,000,000			100.00%
- CP			10,000,000			10.00%
- Other			100,000,000			100.00%
- Total			200,000,000			200.00%
- Other				100,000,000	100,000,000	100.00%
Financial liabilities - FV	100,000,000					100.00%
Financial liabilities - B	1,000,000	1,000,000				100.00%
Financial liabilities - FVBI	1,000,000					1.00%
Total	2,501,000	1,000,000	200,000,000	100,000,000	2,501,000	2.50%



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

20.3 Liquidity Risk and Funding Management

Liquidity risk is defined as the risk that the bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the bank might be unable to meet its current obligations when they fall due under both normal and stress circumstances. To track this risk, management has assigned dedicated funding teams to monitor its on- and off-balance sheet, and adopted a policy of managing assets with liquidity to meet and

overseeing loans with flows and benefits on a daily basis. The bank has developed broad credit policies and contingency plans to manage liquidity risk. The development an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if needed.

Liquidity Policy

Bank consistently remains in full compliance with banks and government regulations. The bank maintains the following liquidity ratios to assess funding requirement.

Liquidity Ratios:

	2023	2022
Net - Call	100.0%	100.0%
Net - Cash	100.0%	100.0%
Net - Debt	100.0%	100.0%
Net - Equity	100.0%	100.0%

NOTES TO THE FINANCIAL STATEMENTS

and the other ended after 2019/2020 year

18.4 / Analysis of Financial Assets and Liabilities by Reporting Contractual Maturities

The table below summarizes the maturity profile of the assets and liabilities of the reporting entity as at 31/12/2020 and 31/12/2019.

Zero-risk refers to the assets and liabilities with a maturity of 0 days.

Category	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 to 30 years	More than 30 years
Assets								
Financial assets	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Financial liabilities	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Net financial assets	0	0	0	0	0	0	0	0
Non-financial assets	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Non-financial liabilities	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
Net non-financial assets	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

26.6 Capital Management

26.6.1 Minimum Regulatory capital

The minimum regulatory capital requirement is 1.5BHK provided by the Bank as at 30/12/2022 for year that ended on 31/12/2022 by LRA. The bank has further been referred to the 1.5 BHK with effect from 01/01/2023 as per the direction No 1 of 2022 issued on 28 October 2022 and subsequently which was amended with 1.5 BHK as per the direction of Capital Bank of directive number 04 of 2022. Accordingly in the bank was unable to meet the minimum capital requirement. The Ministry of Finance, Planning and Economic Development has established the Board of Director of Prudential Bank to ensure the wider accountability of CRR. There is pending CRR to operate as a fully owned subsidiary of Prudential Bank.

26.6.2 Capital Adequacy Ratio and Regulatory Capital of the bank

All loans classified bank and interest of all the minimum regulatory capital requirement compliance ratio of 10% and total capital ratio of 15.1% with effect from 31st Dec 2022 of the regulatory capital and capital adequacy ratio of the bank as per below:

6 Capital Base

Capital Adequacy Ratio	Rs. 000 2022	Rs. 000 2021
Common Equity Capital (Net of adjustment)	1,14,207	1,10,000
Bank for C Capital	1,14,207	1,10,000
Minimum regulatory capital ratio (Minimum of 2022/2021)	1,50,000	1,50,000
Capital shortfall	1,21,000	1,14,000
Total Tier capital shortfall	1,21,000	1,14,000

Capital Adequacy ratio		
Common Equity Tier 1/Capital Ratio	26.0%	30.0%
Total Capital Ratio	15.1%	15.0%



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

iv. Net Asset and Liabilities (After Impairment)

	Market Amount of Receivables Trade Debt	Net Impairment From Debt	Market Amount of Receivables Trade Debt	Net Impairment From Debt
	2023		2024	
Expenses				
Change in Total Debt of Receivables	2,980,000	-	2,980,000	-
Change in P&L from Debt (Net)	-	-	-	-
Debt to Bank Expenses				
Debt to Bank (Less Than 90 Days) (In \$'000)	14,025	14,025	14,025	14,025
Debt to Bank (More Than 90 Days) (In \$'000)	9,022,000	9,022,000	1,000	1,000
In \$'000	-	-	-	-
Change in Receivables (Registered) (Net)	-	-	-	-
Change in Other Financial Instruments	1,200	1,200	1,200	1,200
Asset Class				
Individual Expenses	12,200,000	12,200,000	14,025,000	14,025,000
Change in Property (Registered) Assets	30,000	30,000	30,000	30,000
Change in Property (Registered) Assets				
Change in Property (Registered) Assets	-	-	-	-
Net Property Assets (Net)				
Net Property Assets (Net) (Less Than 90 Days)	14,025,000	14,025,000	14,025,000	14,025,000
Net Property Assets (Net) (More Than 90 Days)	9,022,000	9,022,000	1,000,000	1,000,000
Net Property Assets (Less Than 90 Days)				
Net Property Assets (Less Than 90 Days)	14,025,000	14,025,000	14,025,000	14,025,000
Net Property Assets (More Than 90 Days)	9,022,000	9,022,000	1,000,000	1,000,000
Card Debt and Other Debt				
Net Card Debt (Less Than 90 Days)	14,025,000	-	14,025,000	-
Net Card Debt (More Than 90 Days)	14,025,000	14,025,000	14,025,000	14,025,000
Other Debt (Registered)	14,025,000	14,025,000	14,025,000	14,025,000
Net Weighted Average for Each Day	2,980,000	2,980,000	2,980,000	2,980,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

34.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables, such as interest rates, foreign exchange rates and equity prices. The bank does not measure any trading portfolio at present and therefore the bank's portfolio is mainly non-trading.

34.4.1 Market risk - non-trading

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of the fair values of financial instruments. The bank's policy is to minimize position sensitivity to such changes and foreign currency risk and to these positions are measured within the combined portfolio.

Sensitivity to the interest rate movements of the bank is measured using the following assumptions: a reasonable change of the interest rate of the rate sensitive assets and liabilities of the bank are assumed to be:

As at 31 December	2022 In \$ mil.	2021 In \$ mil.
Rate Sensitive Assets - RPA	110,000	110,000
Rate Sensitive Liabilities - RPA	110,000	110,000
Net - RPA	0	0

Amount of Income statements due to interest rate change

As at 31 December	2022 In \$ mil.	2021 In \$ mil.
Income	10,000	10,000
Expenses	10,000	10,000
Net	0	0

Foreign Exchange Risk

Foreign exchange risk is the risk that the bank will incur a financial loss due to the fluctuations in the exchange rates of foreign currencies against the Canadian dollar. The bank's policy is to minimize position sensitivity to such changes and foreign currency risk and to these positions are measured within the combined portfolio.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

39.7 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. Management's risk system effectively operational risk and cover damage to reputation, loss of legal or regulatory compliance, or loss of financial data. The Board oversees the risk of operational risk, but it continues to manage financial risk through a central framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access administration and verification processes, staff education and awareness programs, and the use of internal audit.

40 The Director Leaving After the Balance Sheet Date

There were no significant business developments occurring after the reporting date that require adjustment to, or disclosure in the financial statements.

41 Assets Pledged

No assets have been pledged as security for liabilities.

42 Related Party Transactions

The Mortgage Refinancing Unit is a non-controlled company. In the normal course of business it engages in transactions with other non-controlled companies which are disclosed in line with paragraph 40 of the Lloyds Banking Group's 2023 Annual Report.

43 Directors' Interest in Contracts and Proposed Contracts

In line with the Lloyds Mortgage and Investment Bank Act No 11 of 2013, a Director with an actual interest or beneficial interest in directly or indirectly controlled or any business transacted or proposed to be transacted by the Board shall disclose the nature of such interest disclosed. The disclosure shall be recorded in the minutes of the Board and each Director shall not take part in any deliberation or decision of the Board with respect to that business, and shall abstain from such meeting with such deliberation if a proposed decision is being made. As per the Act, the Act shall be applied by the bank to any Director or employee of the bank or to the spouse or a dependent child of a Director or employee or to any company or firm in which a Director or employee has a substantial interest. I would declare that the bank engaged in its compliance from the the purchase of any bank for the convenience of a dwelling house or for the purchase, construction, repair, maintenance of a any residence or a dwelling house or for any other purpose provided by the other bank under the law. Continuing interest of bank given to employees as per the paragraph is disclosed in note number 40 in the Financial Statements. The Director of Lloyds was not directly or indirectly interested



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2022

42. Note Added Statement

For the Year ended 31 December	2022 Rm	2021 Rm
Interest Income	220,890,000	176,890,000
Other Income	1,620,000	987,000
Other Expenses	(22,420,000)	(22,420,000)
Interest Expenses	(1,881,940,000)	(1,881,940,000)
Cost of Services	(20,884,000)	(20,884,000)
Impairment Provision	(2,000,000)	(2,000,000)
Net Contribution of Note Added	1,794,550,000	1,794,550,000

For the Year ended 31 December	2022 Rm	2021 Rm
Income tax		
Salaries and other benefits	1,000,000,000	1,000,000,000
Other expenses		
Depreciation	100,000,000	100,000,000
Impairment	100,000,000	100,000,000
Interest Paid	20,000,000	20,000,000
Total	1,400,000,000	1,400,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

44 Source of Utilization

For the Year Ended 31 December	2023	2022
Source of Income		
Loans and Advances	69,441,312	69,441,312
Government Securities & Other Investments	19,216,328	19,216,328
Fixed Deposits/Accounts	112,04,290	112,04,290
Others	94,78,220	94,78,220
Total	214,89,150	214,89,150

Utilization of Income		
Payments		
Salaries and allowances to staff	69,441,312	69,441,312
Expenses		
Interest paid	1,02,04,290	1,02,04,290
Other Expenses	94,78,220	94,78,220
Government		
Capital Expenditure	1,02,04,290	1,02,04,290
Reserve Fund	1,02,04,290	1,02,04,290
Total	214,89,150	214,89,150



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note (unless otherwise indicated)	2023	2022
Equity Capital (USD Millions)		
Common Equity Total	4,201	4,207
Retained Earnings	4,175	4,221
Total Equity	4,175	4,221
Equity Capital (CAD Millions)		
Common Equity Total / Capital Ratio (Minimum Requirement: 7%)	31,226	31,226
Retained Earnings / Capital Ratio (Minimum Requirement: 7%)	31,226	31,226
Total Capital Ratio (Minimum Requirement: 7%)	31,226	31,226
Total Dividends / Total (Minimum Requirement: 7%)	1,285	1,285
Equity Capital Requirement		
Capital Charge / Risk-Weighted Assets (RWAs)	61,476	58,796
Net Risk-Weighted Assets / Capital Charge Ratio	507	537
Net Risk-Weighted Assets / Risk-Weighted Assets (RWAs)	89,024	89,024
Assets (USD)		
Secured Loan Assets / Total Loan Assets %	27%	27%
Impaired Assets / Total Assets / Impaired %	0.05%	0.05%
Assets (CAD)		
Total Assets	4,770	4,770
Return on Assets	1.37%	1.34%
Return on Equity	5.45%	5.75%
Customer Assets	6,285	6,316
Key Information		
Credit Rating	BBB	BBB
Number of branches	24	24
Number of employees	228	261

Particulars

Our consolidated being the Trust Financial Office and the Trust Financial Office of the Bank jointly owned.

Our financial statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of the Cayman Islands.

M. J. Accominotti
 National Manager / CFO
 2023/2024

M. C. H. P. P. P.
 Deputy National Manager - Treasury Planning
 2023/2024



TEN YEAR STATISTICAL SUMMARY

Item	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue										
Product Revenue	175	175	173	175	173	167	165	164	170	174
Service Revenue	185	180	173	180	180	180	177	177	180	181
Licensing Revenue	117	140	140	144	140	141	140	141	141	141
Other Operating Revenue	45	40	39	39	37	35	35	34	34	33
Total Operating Revenue	502	495	495	508	500	493	497	496	505	509
Non-Operating Revenue	200	197	210	193	199	179	187	189	193	174
Interest Income	10	10	10	10	10	10	10	10	10	10
Other Income	190	187	200	183	189	169	177	179	183	164
Income before tax	702	692	705	701	709	672	684	685	698	683
Expenses										
Cost of Goods Sold	200	200	200	200	200	200	200	200	200	200
Operating Expenses	250	250	250	250	250	250	250	250	250	250
Other Expenses	100	100	100	100	100	100	100	100	100	100
Depreciation	50	50	50	50	50	50	50	50	50	50
Goodwill	100	100	100	100	100	100	100	100	100	100
Total Expenses	500	500	500	500	500	500	500	500	500	500
Income										
Income before tax	202	192	205	201	209	172	184	185	198	183
Tax Expense	50	50	50	50	50	50	50	50	50	50
Total Income	152	142	155	151	159	122	134	135	148	133
Equity										
Common Stock	100	100	100	100	100	100	100	100	100	100
Retained Earnings	100	100	100	100	100	100	100	100	100	100
Total Equity	200	200	200	200	200	200	200	200	200	200
Debt										
Long-Term Debt	100	100	100	100	100	100	100	100	100	100
Current Debt	100	100	100	100	100	100	100	100	100	100
Total Debt	200	200	200	200	200	200	200	200	200	200
Other										
Other Assets	100	100	100	100	100	100	100	100	100	100
Other Liabilities	100	100	100	100	100	100	100	100	100	100
Summary										
Revenue	502	495	495	508	500	493	497	496	505	509
Expenses	500	500	500	500	500	500	500	500	500	500
Income	202	192	205	201	209	172	184	185	198	183
Debt	200	200	200	200	200	200	200	200	200	200
Equity	200	200	200	200	200	200	200	200	200	200
Notes										
Notes to Financial Statements										
Financial Statements										
Other Information										



State Mortgage & Investment Bank

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