



# State Mortgage & Investment Bank

## Financial Statements

For The Period Ended 30<sup>th</sup> June 2017

### INCOME STATEMENT FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2017

	Rs '000	
	30/06/2017	30/06/2016
Interest income	2,268,069	2,047,062
Interest expenses	(1,447,287)	(1,237,129)
<b>Net interest income</b>	<b>820,782</b>	<b>809,933</b>
Fee and commission income	68,730	62,613
Fee and commission expenses	-	-
<b>Net fee and commission income</b>	<b>68,730</b>	<b>62,613</b>
Other operating income (net)	1,388	2,229
<b>Total operating income</b>	<b>890,900</b>	<b>874,775</b>
Impairment for loans and other losses	(42,520)	(51,832)
<b>Net operating income</b>	<b>848,380</b>	<b>822,943</b>
Personnel expenses	(357,404)	(316,317)
Other expenses	(138,031)	(128,893)
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>352,945</b>	<b>377,733</b>
Value added tax (VAT) on financial services	(91,046)	(76,090)
Nation Building Tax (NBT)	(12,139)	(12,096)
<b>Profit/(loss) before tax</b>	<b>249,759</b>	<b>289,547</b>
Tax expenses	(113,540)	(121,783)
<b>Profit/(loss) for the period</b>	<b>136,219</b>	<b>167,765</b>

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2017

	Rs' 000	
	30/06/2017	30/06/2016
<b>Profit/(loss) for the period</b>	<b>136,219</b>	<b>167,765</b>
<b>Other comprehensive income, net of tax</b>		
Gains and losses on re-measuring available-for-sale financial assets	240	17,367
<b>Total comprehensive income for the period</b>	<b>136,459</b>	<b>185,131</b>

### STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2017

	Rs '000	
	30/06/2017	31/12/2016
<b>Assets</b>		
Cash and cash equivalents	128,083	97,025
Placements with banks	6,020,013	5,696,689
Loans and receivables to customers	29,692,364	28,158,209
Financial investments – Available-for-sale	22,860	22,619
Financial investments – Held-to-maturity	1,282,780	659,891
Property, plant and equipment	79,747	92,501
Deferred tax assets	95,492	95,858
Other assets	672,726	506,712
<b>Total assets</b>	<b>37,994,065</b>	<b>35,329,503</b>
<b>Liabilities</b>		
Due to banks	50,122	19,057
Due to customers	31,185,895	28,845,169
Other borrowings	662,717	502,912
Employee Benefit Liability	326,306	322,683
Other liabilities	761,635	695,761
<b>Total liabilities</b>	<b>32,986,675</b>	<b>30,385,582</b>
<b>Equity</b>		
Stated capital/Assigned capital	889,813	889,813
Statutory reserve fund	241,728	214,301
Retained Earnings	2,785,560	2,749,758
Other reserves	1,090,289	1,090,049
<b>Total equity</b>	<b>5,007,390</b>	<b>4,943,921</b>
<b>Total equity and liabilities</b>	<b>37,994,065</b>	<b>35,329,503</b>
<b>Contingent liabilities and commitments</b>	<b>-</b>	<b>-</b>

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2017

	Rs '000	
	30/06/2017	30/06/2016
<b>Cash flows from operating activities</b>		
Interest Received	2,199,491	1,694,567
Interest Payments	(1,086,386)	(993,160)
Payments to Employees and suppliers	(441,420)	(372,252)
Receipts from Other Operating Activities	70,118	56,916
Payments on Other Operating Activities	(38,770)	(72,009)
<b>Operating profit before changes in Operating Assets</b>	<b>703,033</b>	<b>314,063</b>
<b>Increase/(Decrease) in Operating Assets</b>		
Funds Advanced to Customers (Net)	(1,897,881)	(878,446)
Other Short Term Securities	(940,282)	(482,452)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits from Customers (Net)	1,988,411	931,518
Others	(197,130)	74,971
<b>Net cash generated from operating activities before Income Tax</b>	<b>(343,849)</b>	<b>(40,346)</b>
Income Tax & Deemed Dividend Tax Paid, VAT, NBT	(217,969)	(154,514)
<b>Net Cash from Operating Activities</b>	<b>(561,818)</b>	<b>(194,860)</b>
<b>Cash flows from investing activities</b>		
Dividend Received	438	5,331
Proceeds from the sale of property, plant and equipment	-	-
Purchase of Property, Plant & Equipment	(5,059)	(7,897)
Interest Received from Deposits with Other Banks	320,548	206,757
Interest Received from Government Securities	76,133	-
<b>Net cash (used in)/from investing activities</b>	<b>392,059</b>	<b>204,191</b>
<b>Cash flows from financing activities</b>		
Repayment of Loans	(51,782)	(37,386)
Proceeds from Borrowings	203,000	-
Payments to Consolidated Fund	-	-
<b>Net cash from financing activities</b>	<b>151,218</b>	<b>(37,386)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(18,541)</b>	<b>(28,055)</b>
Cash and cash equivalents at the beginning of the period	96,502	98,168
<b>Cash and cash equivalents at the end of the period</b>	<b>77,961</b>	<b>70,113</b>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Cash and Short Term Funds	128,083	110,645
Government of Sri Lanka Treasury Bills	-	-
Borrowings from Banks	(50,122)	(40,532)
<b>Cash and cash equivalents at the end of the period</b>	<b>77,961</b>	<b>70,113</b>

### ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 30<sup>TH</sup> JUNE 2017

	Rs '000			
	HTM	Loans & Receivables	AFS	Total
<b>Bank - Current Period</b>				
<b>ASSETS</b>				
Cash and balances with central banks		128,083		<b>128,083</b>
Sri Lanka government securities	1,282,780			<b>1,282,780</b>
Balances with banks				-
Investment securities			5,380	<b>5,380</b>
Placement with and Loans to other banks & Financial institutions				-
Commercial Papers				-
Trust Certificates				-
Treasury Bills Held Under Resale Agreement		1,018,834		<b>1,018,834</b>
Fixed Deposits		4,935,540		<b>4,935,540</b>
Debentures		65,639		<b>65,639</b>
Loans and receivables to other Customers		29,692,364		<b>29,692,364</b>
Financial investments - Unit Trust			17,480	<b>17,480</b>
Other assets -Prepaid staff Loans		272,398		<b>272,398</b>
<b>Total financial assets</b>	<b>1,282,780</b>	<b>36,112,857</b>	<b>22,860</b>	<b>37,418,498</b>
<b>LIABILITIES</b>				
Due to banks		50,122		<b>50,122</b>
Due to customers				-
Deposits		19,501,797		<b>19,501,797</b>
Institutional Deposits		10,620,942		<b>10,620,942</b>
Scheme deposits		1,063,157		<b>1,063,157</b>
Debt securities issued		111,556		<b>111,556</b>
Other borrowings				-
Bank Loan		152,398		<b>152,398</b>
AHF		25,141		<b>25,141</b>
Swashakthi Loan		3,002		<b>3,002</b>
Refinance Borrowing		370,619		<b>370,619</b>
Other liabilities		366,683		<b>366,683</b>
<b>Total financial liabilities</b>		<b>32,265,417</b>		<b>32,265,417</b>

### ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (continued) Bank - Previous Year (2016)

	Rs '000			
	HTM	Loans & Receivables	AFS	Total
<b>ASSETS</b>				
Cash and Balances with Central Banks		97,025		<b>97,025</b>
Sri Lanka Government Securities	659,891			<b>659,891</b>
Balances with banks				-
Investment Securities			5,379	<b>5,379</b>
Placement with and Loans to Other Banks & Financial Institutions				-
Commercial Papers		291,437		<b>291,437</b>
Trust Certificates				-
Treasury Bills Held Under Resale Agreement		939,963		<b>939,963</b>
Fixed Deposits		4,402,499		<b>4,402,499</b>
Debentures		62,790		<b>62,790</b>
Loans and Receivables to Other Customers		28,158,209		<b>28,158,209</b>
Financial investments - Pyramid			17,240	<b>17,240</b>
Trust				-
Other Assets -Prepaid staff Loans		272,398		<b>272,398</b>
<b>Total financial assets</b>	<b>659,891</b>	<b>34,224,320</b>	<b>22,619</b>	<b>34,906,830</b>
<b>LIABILITIES</b>				
Due to Banks		19,057		<b>19,057</b>
Due to Customers				-
Deposits		17,814,279		<b>17,814,279</b>
Institutional Deposits		9,982,831		<b>9,982,831</b>
Scheme Deposits		1,048,059		<b>1,048,059</b>
Debt Securities Issued		110,181		<b>110,181</b>
Other Borrowings				-
Bank Loan				-
AHF		29,321		<b>29,321</b>
USAID				-
Refinance Borrowing		363,411		<b>363,411</b>
Other Liabilities		280,944		<b>280,944</b>
<b>Total Financial Liabilities</b>	<b>-</b>	<b>29,648,083</b>	<b>-</b>	<b>29,648,083</b>

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2017

	Contributed Capital	Statutory Reserve	Capital Reserve	General Reserve	Title Indemnity Fund	Investment Fund	Retained Earnings	AFS Reserve	Total
<b>Balance as at 31/12/2015</b>	<b>889,813</b>	<b>203,053</b>	<b>9,176</b>	<b>683,280</b>	<b>1,031</b>	-	<b>2,449,406</b>	<b>27,364</b>	<b>4,263,123</b>
Net Profit for the Year							451,671		<b>451,671</b>
Deemed Dividend Tax							(161,428)		<b>(161,428)</b>
Government Loan Transferred			384,322						<b>384,322</b>
Other Comprehensive Income							31,357	(15,124)	<b>16,234</b>
Transfer During the Year		11,248					(11,248)		<b>-</b>
Transfer to Investment Fund							(10,000)		<b>(10,000)</b>
Transfer to Consolidated Fund									<b>-</b>
<b>Balance as at 31/12/2016</b>	<b>889,813</b>	<b>214,301</b>	<b>393,498</b>	<b>683,280</b>	<b>1,031</b>	-	<b>2,749,758</b>	<b>12,240</b>	<b>4,943,921</b>
Net profit for the period							136,219		<b>136,219</b>
Deemed Dividend Tax							(72,990)	240	<b>(72,750)</b>
Other Comprehensive Income									<b>-</b>
Transfer during the period		27,427					(27,427)		<b>-</b>
Transfer to Investment Fund									<b>-</b>
Transfer to Consolidated Fund									<b>-</b>
<b>Balance as at 30/06/2017</b>	<b>889,813</b>	<b>241,728</b>	<b>393,498</b>	<b>683,280</b>	<b>1,031</b>	-	<b>2,785,560</b>	<b>12,480</b>	<b>5,007,390</b>

### Certification:

We, the undersigned being the Chairman, General Manager and Assistant General Manager (Finance) of State Mortgage and Investment Bank certify jointly that,  
 (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.  
 (b) the information contained in these statements have been extracted from the unaudited Draft Financial Statements of the Bank. The Board of Directors are responsible for the preparation and presentation of these Financial Statements. These Draft Financial Statements were approved by the Board of Directors and signed on their behalf.

.....  
**K.K. Tissa Jinadasa**  
 Chairman

.....  
**W.M. Dayasinghe**  
 General Manager

.....  
**K.L.N.A. Perera**  
 Assistant General Manager (Finance)

### NOTES TO THE FINANCIAL STATEMENTS

#### 01) LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Rs '000	
	As at 30/06/2017	As at 31/12/2016
Gross loans and receivables	30,105,569	28,528,894
(Less): Individual impairment	(12,893)	(12,893)
Collective impairment	(400,312)	(357,793)
<b>Net loans and receivables</b>	<b>29,692,364</b>	<b>28,158,209</b>

#### 02) LOANS AND RECEIVABLES TO OTHER CUSTOMERS - BY PRODUCT

	Rs '000	
	As at 30/06/2017	As at 31/12/2016
<b>By Product</b>		
Mortgage	9,212,570	9,096,333
EPF	9,282,714	10,299,463
Vehicle	33,103	40,345
Staff loans	882,255	861,614
Personal Loans	9,874,125	7,430,006
Others (FD Loans , Refinance. Etc)	820,803	801,133
<b>Total</b>	<b>30,105,569</b>	<b>28,528,894</b>

#### 03) MOVEMENTS IN INDIVIDUAL AND COLLECTIVE IMPAIRMENT DURING THE PERIOD FOR LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Rs '000	
	As at 30/06/2017	As at 31/12/2016
<b>Individual impairment</b>		
Opening balance	12,893	9,390
Charge/(Write back) to income	-	3,503
Write-off during the year	-	-
Other movements	-	-
<b>Closing balance at 30/06/2017</b>	<b>12,893</b>	<b>12,893</b>
<b>Collective impairment</b>		
Opening balance	357,793	322,128
Charge/(Write back) to income	42,520	35,664
Other movements	-	-
<b>Closing balance as at 30/06/2017</b>	<b>400,312</b>	<b>357,793</b>
<b>Total impairment as at 30/06/2017</b>	<b>413,205</b>	<b>370,686</b>

#### 04) DUE TO OTHER CUSTOMERS-BY PRODUCT

	Rs '000	
	As at 30/06/2017	As at 31/12/2016
<b>By Product</b>		
Institutional Fixed Deposits	28,600,577	26,358,352
Savings Deposits	1,522,161	1,438,757
Scheme Deposits	1,063,157	1,048,059
<b>Total</b>	<b>31,185,895</b>	<b>28,845,169</b>