



State Mortgage & Investment Bank

Financial Statements

For The Period Ended 30th June 2019

INCOME STATEMENT FOR THE PERIOD ENDED 30 TH JUNE 2019	Rs 'Mn	
	From 01/01/2019 to 30/06/2019	From 01/01/2018 to 30/06/2018 Restated
Interest income	2,967.0	2,751.7
Interest expenses	1,932.9	1,824.7
Net interest income	1,034.1	927.0
Fee and commission income	56.7	47.8
Fee and commission expenses	-	-
Net fee and commission income	56.7	47.8
Net Fair Value Gains/(Losses) from FA at FVPL	0.8	-
Net other operating income (net)	1.1	3.0
Total operating income	1,092.8	977.8
Impairment Charges	82.3	65.1
Net operating income	1,010.5	912.7
Personnel expenses	431.6	375.0
Depreciation and amortization expenses	15.0	12.0
Other expenses	128.9	132.5
Operating profit/(loss) before VAT,NBT & DRL	435.0	393.2
Value added tax (VAT) on financial services	110.9	98.5
Debt Repayment Levy (DRL)	60.5	-
Nation Building Tax (NBT)	14.8	13.1
Profit/(loss) before tax	248.8	281.5
Tax expenses	110.3	130.0
Profit/(loss) for the Period	138.5	151.6

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 TH JUNE 2019	Rs 'Mn	
	30/06/2019	30/06/2018 Restated
Profit/(loss) for the Period	138.5	151.6
Re-measurement of post-employment benefit obligations	-	-
Gains and Losses on Re-Measuring Financial Assets	-	(0.7)
Total comprehensive income for the period	138.5	150.9

STATEMENT OF FINANCIAL POSITION As at 30 TH JUNE 2019	Rs 'Mn	
	30/06/2019	31/12/2018
Assets		
Cash and cash equivalents	105	96
Placements with Banks	7,046	5,206
Financial Assets - FVPL	18	18
Financial Assets - AC	-	-
- Loans and Advanced	34,444	34,225
- Debt and Other Instruments	2,566	1,943
Financial Assets - FVOCI	5	5
Property, plant and equipment	55	64
Deferred tax assets	107	107
Other assets	1,272	932
Total assets	45,620	42,597
Liabilities		
Due to banks	111	12
Financial Liabilities at Amortised Cost		
- Due to Depositors	36,911	34,272
- Due to Debt Securities Holders	112	110
- Due to Other Borrowers	1,849	1,873
Employee Benefit Liability	386	382
Other Liabilities	926	760
Total liabilities	40,295	37,410
Equity		
Stated Capital/Assigned Capital	890	890
Statutory Reserve Fund	269	262
Retained Earnings	3,089	2,958
Other Reserves	1,078	1,078
Total equity	5,325	5,187
Total equity and liabilities	45,620	42,597

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 TH JUNE 2019	Rs 'Mn	
	From 01/01/2019 to 30/06/2019	From 01/01/2018 to 30/06/2018
Cash flows from operating activities		
Interest Received	2,616	2,556
Interest Payments	(1,663)	(2,540)
Net commission receipts	57	48
Payments to Employees	(409)	(319)
VAT, DLR & NBT on financial services	(214)	(96)
Receipts from Other Operating Activities	1	3
Payments on Other Operating Activities	(129)	(133)
Operating profit before changes in Operating Assets & Liabilities	259	(481)
(Increase)/ Decrease in Operating Assets		
Financial assets at amortised cost - loans & advances	(630)	(43)
Other assets	-	-
Increase/ (Decrease) in Operating Liabilities	(630)	(43)
Financial liabilities at amortised cost - due to depositors	2,377	1,228
Financial liabilities at amortised cost - due to other borrowers (24)	-	(88)
Other liabilities	-	-
Net cash generated from operating activities before Income Tax	1,982	617
Income Taxes Paid	(123)	(54)
Net Cash from Operating Activities	1,859	564
Cash flows from investing activities		
Dividend Received	-	-
Proceeds from the sale of property, plant and equipment	-	-
Purchase of financial investments	(2,464)	(932)
Purchase of Property, Plant & Equipment	(6)	(4)
Proceeds from the sale & maturity of financial investments	508	429
Net cash (used in)/ from investing activities	(1,962)	(507)
Cash flows from financing activities		
Repayment of subordinated debt	-	-
Payments to Consolidated Fund	-	-
Net cash from financing activities	-	-
Net increase/(decrease) in cash & cash equivalents	(102)	56
Cash and cash equivalents at the beginning of the period	96	72
Cash and cash equivalents at the end of the period	(6)	129
Reconciliation of Cash and Cash Equivalents		
Cash and Short Term Funds	105	139
Government of Sri Lanka Treasury Bills	-	-
Borrowings from Banks (OD)	(111)	(11)
Cash and cash equivalents at the end of the period	(6)	129

Analysis of Financial Instruments by Measurement Basis - Bank Current Year (30.06.2019)	Rs. 'Mn			
	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	105			105
Placements with banks	7,046			7,046
Loans and advances	34,444			34,444
Debt instruments	69			69
Reverse Repos	1,266			1,266
Treasury Bills	997			997
Treasury Bonds	234			234
Unit Trusts		18		18
Unquoted Shares			5	5
Total financial assets	44,162	18	5	44,186
LIABILITIES				
Due to Banks	111			111
Financial liabilities				
- Due to depositors	36,911			36,911
- Due to debt security holders	112			112
- Due to other borrowers	1,849			1,849
Total financial liabilities	38,983			38,983

Analysis of Financial Instruments by Measurement Basis Bank Previous Year (31.12.2018)	Rs. 'Mn			
	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	96			96
Placements with banks	5,206			5,206
Loans and advances	34,225			34,225
Debt instruments	66			66
Reverse Repos	730			730
Treasury Bills	874			874
Treasury Bonds	275			275
Unit Trusts		18		18
Unquoted Shares			5	5
Total financial assets	41,472	18	5	41,495
LIABILITIES				
Due to Banks	12			12
Financial liabilities				
- Due to depositors	34,272			34,272
- Due to debt security holders	110			110
- Due to other borrowers	1,873			1,873
Total financial liabilities	36,267			36,267

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

Ratio Analysis as at 30/06/2019		
Regulatory Capital (Rs'Mn) Basel III		
Common Equity Tire - 1	4,850	4,850
Tier - 1 Capital	4,850	4,850
Total Capital	4,978	4,972
Regulatory Capital Ratios (%)		
Common Equity Tire 1 Capital Ratio (Minimum Requirement 7%)	21.20	21.68
Tier 1 Capital Ratio (Minimum Req 08.5%)	21.20	21.69
Total Capital Ratio (Minimum Req 12.5%)	21.76	22.24
Leverage Ratio %	10.82	11.64
Regulatory Liquidity		
Stat Liquid assets Rs Mn	9,636	6,944
Stat Liquid assets Ratio (Minimum req-20%)	28.56	22.34
Total Stock of High Quality Liquid Assets Rs.Mn	1,364	1,127
Liquidity Coverage Ratio (LCR) (Minimum req-100%)	108.28	83.91
Net Stable Funding Ratio (Minimum req-100%)	131.00	133.00
Gross NPL %	20.66	21.76
Net NPL (net of interest in suspense and provisions) %	19.01	20.31
Gross NPL Exclu. EPF %	7.68	7.31
Net NPL Exclu. EPF %	5.58	5.41
Interest Margin %	4.69	4.60
Return on Assets (before Tax) %	1.13	1.13
Return on Equity %	5.27	4.82
Number of Branches	25	25
Number of Employees	382	386

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 TH JUNE 2019	Rs. 'Mn							
	Contributed Capital	Statutory Reserve	Capital Reserve	General Reserve	Title Indemnity Fund	Retained Earnings	AFS Reserve	Total
Balance as at 31/12/2017	890	247	393	683	1	2,729	13	4,956
Prior Period Adjustments						(12)		(12)
OCI Reserve Transfer to RE						13	(13)	-
Impairment Adjustment						71		71
Net Profit for the Year						244		244
Deemed Dividend Tax						(49)		(49)
Other Comprehensive Income						(24)		(24)
Transfer During the Year		15				(15)		-
Transfer to Consolidated Fund								-
Balance as at 31/12/2018	890	262	393	683	1	2,958	-	5,187
Prior year adjustment								-
Net profit for the period						138		138
Other Comprehensive Income								-
Transfer During the year		7.6				(7.6)		-
Transfer to Consolidated Fund								-
Balance as at 30/06/2019	890	269	393	683	1	3,089	-	5,325

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.

Niroshana Perera
 Chairman

W.M. Dayasinghe
 General Manager

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

NOTES TO THE FINANCIAL STATEMENTS		
a. Product wise Gross Loans and Advances		Rs. 'Mn
	30/06/2019	31/12/2018
Mortgage	9,586	9,324
EPF	7,743	8,707
Vehicle	10	15
Staff loans	1,003	986
Personal Loans	15,820	14,821
Others	1,070	1,077
Gross Total	35,232	34,931

b. Stage wise impairment on loans and advances			Rs. 'Mn
	30/06/2019	31/12/2018	
Gross loans and advances	35,232	34,931	
Stage 1	25,225	24,567	
Stage 2	2,097	1,765	
Stage 3	7,910	8,598	
(Less): Accumulated impairment under:	787	705	
Stage 1	149	140	
Stage 2	65	57	
Stage 3	573	508	
Net Loans and Advances	34,444	34,225	

c. Movements in impairment during the period			Rs. 'Mn
	30/06/2019	31/12/2018	
Stage 1			
Opening balance as at 01/01/2019	140	124	
Charge/ (Write back) to income Statement	9	15	
Write-off during the year	-	-	
Closing balance at 30/06/2019	149	140	
Stage 2			
Opening balance as at 01/01/2019	57	33	
Charge/ (Write back) to income Statement	8	24	
Write-off during the year	-	-	
Closing balance at 30/06/2019	65	57	
Stage 3			
Opening balance as at 01/01/2019	508	361	
Charge/ (Write back) to income Statement	65	148	
Write-off during the year	-	-	
Closing balance at 30/06/2019	573	508	
Total	787	705	

Analysis of amount due to depositors			Rs. 'Mn
	As at 30/06/2019	As at 31/12/2018	
By Product			
Savings deposits	1,614	1,560	
Fixed deposits	34,209	31,629	
Other deposits (Schemes)	1,088	1,083	
Total	36,911	34,272	